CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

AND

ANNUAL GOVERNANCE STATEMENT

Contents Page

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 Director of Finance summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2019-20. 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 Director of Finance & IT.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Director of Finance & IT Responsibilities

The Director of Finance & IT is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance & IT 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 2020 and its income and expenditure for the year; and of the West Yorkshire Pension Fund. I authorise for issue the 2019-20 Statement of Accounts.

Signed:

Cllr Michael Johnson
Chair Governance and Audit Committee
Date: 10 December 2020

Signed

Chris Chapman
Director of Finance & IT (S151 officer)
Date: 10 December 2020

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

Report on the financial statements

Opinion

We have audited the financial statements of City of Bradford Metropolitan District Council for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of City of Bradford Metropolitan District Council as at 31st March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities 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.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of property assets

We draw attention to notes 10 (valuations) and 13 (investment property) of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's property assets. As disclosed in notes 10 and 13 of the financial statements, the Council's valuer has referenced a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic impacting on the relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

Emphasis of Matter - unquoted investments within level 3 of the fair value hierarchy

We draw attention to Note 31 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund investments classified within level 3 of the fair value hierarchy at 31 March 2020. As disclosed in Note 31 of the financial statements, the outbreak of Covid-19 has resulted in additional uncertainty with regard to level 3 private equity and pooled property funds. As such, a material valuation uncertainty clause has been included in some valuation reports as a result of the impact of Covid-19. There is, therefore, less certainty and a higher degree of caution should be attached to the valuations of level 3 private equity and pooled property funds than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

- the Director of Finance and IT's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and IT 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 Director of Finance and IT 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 Director of Finance and IT for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance and IT 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 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance and IT is also responsible for such internal control as the Director of Finance and IT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and IT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Director of Finance and IT 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.

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.

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

Qualified conclusion – Except for

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, with the exception of the matters described in the 'Basis for qualified conclusion' paragraph below, we are satisfied that, in all significant respects, 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 2020.

Basis for qualified 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 April 2020, 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 2020.

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.

In seeking to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators. In October 2018, Ofsted reported the results of an inspection of children's social care services and concluded that these services were inadequate. Ofsted have carried out three monitoring visits since the inspection in 2018. The latest monitoring visit, reported in February 2020, highlights that whilst progress has been made, there are several areas in which improvement is still required. This is evidence of weaknesses in informed decision making.

Responsibilities of the Council

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

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

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

Use of the audit report

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

Delay in certification of completion of the audit

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

Cameron Waddell

For and on behalf of Mazars LLP

Salvus House

Durham

DH1 5TS

11 December 2020

The Narrative Report

Financial Highlights

Introduction

This Statement of Accounts provides comprehensive and detailed information about Bradford Council's financial results for 2019-20. This section contains the headlines, comments on the financial results and performance against the internal budget plan, and summarises how the Council's services measured up against non-financial targets for the year.

Two Financial Reporting Perspectives

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

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

The primary distinction between these two reporting approaches is that:

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

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

Headline Financial Results in Statement of Accounts

Comprehensive Income and Expenditure Statement

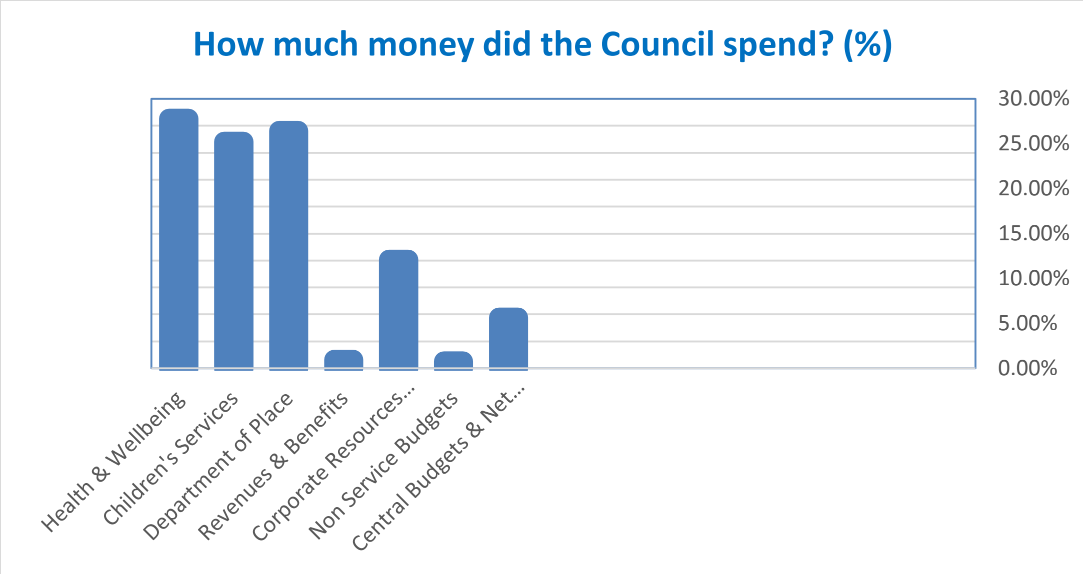
In 2019-20, gross revenue spending on services was £1.149bn. Net expenditure was £426.3m after taking account of the £722.9m of income received by services.

Compared to 2018-19, net expenditure on Children's services was higher by £53m. The main movements that make up this were:

- £12.4m: Children services increase in expenditure
- £10.3m: Dedicated Schools grant changes
- £28.5m accounting adjustments for capital accounting, especially results from the revaluation of property.
- £1.8m: accounting adjustments for employee emoluments

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

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



Sources of Income
As noted, income attributable to services was £722.864m. Some of this comprises fees and charges charged by the Council. However, the largest part comprises specific grants which have to be used to fund specific expenditure: for instance, the £265.344m Dedicated Schools grant, is passed directly onto the Council's schools; the Public Health grant is spent specifically on improving health outcomes in the district. Specific grants also include a £126.409m grant from the Government to fund housing benefits in the district. All these specific grants are detailed in full in note 45 to the accounts.

In addition, £443.8m of general income unattributable to individual services was received. The largest elements of were Council Tax totalling £197.3m along with Business Rates of £96.6m. This reflects the predominant future trend in which the Council's general funding is dependent on its tax bases. However, there were also £150.018m of other general grants, including some amounts which were ringfenced for capital projects that bring service benefits lasting years.

Net Financial Result
The Comprehensive Income and Expenditure account shows an overall deficit on provision of services of £75.455m. Reducing this deficit, was £24.3m additional income in Other Comprehensive Income and Expenditure due to unrealised increases in asset values.

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

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

Balance Sheet

At the end of the 2019-20 financial year, useable reserves close £16.4m up at £272.6m. These useable reserves comprise a General Fund balance of £15m, which is a safety net of last resort and small in the context of the £1.1bn annual spend shown in the Income and Expenditure statement.

There are also earmarked reserves of £192m, which have been set aside either for future risks or commitments. These are relatively healthy but also necessary in the context of the future savings required. Also as the Council grows more dependent on its tax bases, increases its involvement in complex service delivery and delivers infrastructure projects, its exposure to risk has increased.

Also included in earmarked reserves are £17.2m of grants ringfenced by the grant provider for infrastructure projects, including schools.

Included within useable reserves are £31.9m of school balances owned by the Council's schools and which will be used by them in future years.

However, the £16.417m increase in useable reserves is counter-balanced by the reduction in unusable reserves of £67.608m. Around £39m is due to the actuarial assessment, in accordance with accounting regulations of the Council's pension fund. The remainder is caused by the impact of schools converting to Academies and general losses in the value of the Council's assets.

Overall unusable reserves showed a £738.280m deficit at the year end, and their key components are:

•£174.538m 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

•£146.602m capital adjustment account, which reflects the timing differences between how assets are financed, and how they are charged for under accounting arrangements. This value will be released as those differences are eroded over the life of the individual assets.

•The Pensions reserve of £1.046m deficit, which mirrors the Pension Fund liability described below.

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

Taken together, though, the £272.584m of useable reserves and £738.280m of unusable reserves, give the authority a negative net worth of £465.696m. As noted the useable reserves represents real financing available in the future, although it can only be used once. However, to analyse the negative net worth further, it is worth considering the Council's assets and liabilities as a whole. These are the counter-part to the reserves on the balance sheet.

Between 2018-19 and 2019-20, the main movements that make up the decrease of £51.192m in the Council's net worth were:

- a £21.986m decrease in long term assets to £1,030.124m.
- a £41.439m increase in net current assets to £78.525m
- a £70.645m increase in long term liabilities to £1,574.344m

The key change is the increase in long term liabilities to £1,574.344m, which are dominated by three items:

- long-term borrowing of £336.061m.
- £153.999m contractual liabilities for schools PFI contracts. Over time these will be matched by Government funding which is not shown on the face of the balance sheet, due to the accounting rules.
- the pension liability of £1,046.170m

The long term borrowing of £336.061m will generate future interest and principal payments. However, it was taken out to fund spend on infrastructure and is a relatively small proportion of long-term assets of £1,030.124m. The £153. 999.m of PFI liabilities will require a future draw on resources but are budgeted for and partially covered by an annual Government grant. The pension liability is the other side of the accounting equation for the unusable pension reserve and as discussed above, does not in itself cause a future spending requirement.

Significant Provisions at 31 March 2020

The provisions total £24.568m at 31 March 2020 (£29.3m at 31 March 2019) and are included in Note 20 on page 49. They are split on the Balance Sheet between short term (up to one year from the Balance Sheet date), and long term.

The significant provisions were as follows:

a) The cost of planned future termination costs in 2019-20 and future years arising from the detailed saving proposals approved as part of the 2019-20 Budget has been assessed as £0.345m.

b) The provision to cover the risk of day to day insurance losses has been increased to £6.621m.

c) The Council's provision for Business Rate appeals reduced to £16.475m from £20.4m. However, this reduction is caused by the Council's reduced share of the Business Rates paid in the district versus the government, in return for offsetting reductions in grants. As a result, the Council also has an increased share of the provision set to insure against the cost of refunding Business Rates, when there is a retrospective change to the tax liability.

Taxation

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

Council Tax

The Council Tax element within the Collection Fund ended the financial year £0.155m in deficit, which will be shared out between the Council and its preceptors in future years. The Council's share is about 85%. This deficit is a very small variance in the overall context of the total 2019-20 Council Tax collection of £236.5m. Overall, therefore at the end of the 2019-20 financial year, the amounts paid out of the fund for Council Tax and the amounts collected are almost exactly in balance.

Business rates

The Business Rates element within the Collection Fund ended the 2019-20 year, with a £1.6m surplus, again a very small fraction of the overall collection of £141.101m.

However, this small deficit comprises both surplus and deficits brought forward from different years. The impact of the increase in the Council's share of Business rates in 2019-20 means that it holds a £1.2m surplus within this deficit. The net balance, which is a surplus of £0.3m owed to the Government. Overall, therefore the Council's share of the surplus will be brought forward to fund budgets in future years.

Capital Spending in 2019-20

The Council spent £80.6m in the year (£84.3m in 2018-19). The table shows total spend by department, including some of the major schemes:

Major Capital Schemes Expenditure 2019-20		
Department and Schemes	**Main Schemes**	**Total Spend**
	£000	**£000**
Health and Wellbeing		**4,287**
Keighley Road Extra Care	2,206	
Keighley Road Residential Care	838	
Children' s Services		**16,730**
Primary Schools Expansion Programme	3,373	
Devolved Formula Capital	1,501	
Capital Maintenance Grant	3,455	
Secondary School Expansion	4,800	
SEN School Expansion	1,835	
Place – Economy and Development Services		**13,221**
New Affordable Housing	2,617	
Disabled Housing Facilities Grant	4,740	
City Centre Market	3,129	
Place – Planning, Transport and Highways		**21,648**
Capital Highways Maintenance	4,971	
Challenge Fund	1,310	
West Yorkshire Transport Fund	7,181	
NPIF UTMC	1,247	
Highways Maintenance Fund	2,170	
Place – Other		**10,352**
Replacement of Vehicles	1,644	
Bereavement Strategy	511	
Sedbergh Sports Facilities	5,842	
Corporate Resources		**14,382**
Property Programme	2,233	
Godwin Street	1,405	
Strategic Acquisitions	6,541	
IT Infrastructure	1,997	
Total		**80,620**

Where the money came from to pay for the spending on capital schemes in 2019-20

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 2019-20 it increased from the level in 2018-19 of £700.124m to £710.701m.

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 2019-20 the capital spending of £80.6m was funded as follows:

- £28.6m (36%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £45.3m (56%) from government and other grants.
- £3.8m (5%) from revenue contributions and other revenue reserves.
- £2.0m (2%) from capital receipts from the sale of land and buildings.
- £0.9m (1%) 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 2019-20 four schools converted to Academies, all four of which were Community Schools and as at 1 April 2019, on the Council's Balance Sheet. The Council is not recompensed for any of these disposals. The table below categorises all Bradford schools and sets out the current accounting treatment.

Type of school	2018-19	2019-20	Accounting Treatment
Community	52	49	On Balance Sheet
Special Schools	4	3	On Balance Sheet
Foundation	7	7	1 Church of England Off Balance Sheet, 6 owned by Governing Bodies On Balance Sheet
Voluntary Aided	23	23	Off Balance sheet
Voluntary Controlled	6	6	Off Balance sheet (with the exception of 2 VC schools the Council still holds the legal title)
Academies	96	100	Off Balance sheet (with the exception of 1still on a short term lease)
Trust	2	2	Off Balance sheet
TOTAL SCHOOLS	**190**	**190**	
Nurseries	7	7	On Balance Sheet

For further information on how the Council decides which schools should be included on its Balance Sheet see the Critical Judgements in Applying Accounting Policies on page 32.

Budgetary Control

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

Budgets are allocated to Directors who are accountable for their departmental expenditure. The table below shows final 2019-20 spend compared to budgets.

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

	Gross Expenditure			Gross Income			**Net**		
	Budget £m	Forecast £m	Variance £m	Budget £m	Forecast £m	Variance £m	**Budget £m**	**Forecast £m**	**Variance £m**
Health and Wellbeing	243.0	242.0	-0.9	-122.0	-122.8	-0.8	120.9	119.3	-1.7
Children's Services	478.1	492.4	18.6	-373.6	-381.7	-8.1	100.6	110.7	10.1
Department of Place	180.7	187.7	7.0	-65.0	-73.7	-8.7	115.6	113.9	-1.7
Corporate Resources	236.2	233.5	-2.7	-179.6	-178.1	1.5	56.9	55.4	-1.5
Chief Executive	5.2	6.1	0.8	-0.4	-1.3	-0.9	4.8	4.8	0.0
Non Service Budgets	36.1	35.4	-0.7	-26.9	-27.1	0.2	9.2	8.3	-0.8
General Fund	48.1	40.6	-7.8	-96.1	-94.4	-1.7	-48.0	-53.7	-5.7
Total Council Services	**1,223.3**	**1,237.6**	14.3	**-863.4**	**-879.0**	-15.6.	**359.9**	**358.6**	**-1.3**
Net Revenue Funding	**-1.5**	**-1.5**	0.0	**-358.5**	**-358.6**	-0.1	**-359.9**	**-360.1**	**-0.1**
Total	**1,221.9**	**1,236.1**	14.3	**-1,221.9**	**-1,237.6**	-15.7	**0.0**	**-1.4**	**-1.4**

2020/2021 and Beyond

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

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

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

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 2020 General Fund Balance of £46.922m comprises £15m (£15m in 2018-19) balances generally available to the Council and £31.922m (£27.276m in 2018-19) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £75.455m (deficit of £49.139m in 2018-19) 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 £67.608m (reduction of £168.751m in 2018-19).

			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 5 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet
			£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018			**31,353**	**134,354**	**0**	**37,142**	**202,849**	**-501,921**	**-299,072**
Movement in reserves during 2018-19									
Surplus/ (deficit) on provision of services (page 17)			-49,139			0	-49,139		-49,139
Other Comprehensive Income and Expenditure (page 17)								-66,294	-66,294
Total Comprehensive Income and Expenditure (page 17)			**-49,139**				**-49,139**	**-66,294**	**-115,434**
Adjustments between accounting basis & funding basis under regulations (note 4)			92,254		0	10,203	102,457	-102,457	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves			**43,115**		**0**	**10,203**	**53,318**	**-168,751**	**-115,434**
Transfers to/from Earmarked Reserves (Note 5, p37)			-32,192	32,192				0	0
Increase/Decrease(-) in 2018-19			**10,923**	**32,192**		**10,203**	**53,318**	**-168,751**	**-115,434**
Balance at 31 March 2019			**42,276**	**166,546**	**0**	**47,345**	**256,167**	**-670,673**	**-414,506**
Movement in reserves during 2019-20									
Surplus/ (deficit) on provision of services (page 17)			-75,455				-75,455		-75,455
Other Comprehensive Income and Expenditure (page 17)								24,265	24,265
Total Comprehensive Income and Expenditure (page 17)			**-75,455**				**-75,455**	**24,265**	**-51,190**
Adjustments between accounting basis & funding basis under regulations (note 4)			105,587		0	-13,715	91,872	-91,872	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves			**30,132**		**0**	**-13,715**	**16,417**	**-67,607**	**-51,190**
Transfers to/from Earmarked Reserves (Note 5, p37)			-25,486	25,486					
Increase/Decrease(-) in 2019-20			4,646	25,486		-13,715	16,417	**-67,607**	**-51,190**
Balance at 31 March 2020			**46,922**	**192,032**	**0**	**33,630**	**272,584**	**-738,280**	**-465,696**

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.

2018-19`	2018-19`	2018-19`		2019-20	2019-20	2019-20
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
230,729	-116,469	114,260	Health and Wellbeing	241,136	-122,763	118,373
448,351	-394,488	53,863	Children's Services	486,477	-379,006	107,471
176,941	-65,423	111,518	Department of Place	185,225	-72,633	112,592
165,875	-162,564	3,311	Revenues & Benefits	138,017	-134,058	3,959
4,435	-387	4,048	Chief Executive	6,060	-1,299	4,761
58,966	-8,820	50,146	Corporate Resources (Excluding Revenues and Benefits)	61,075	-9,192	51,883
31,684	-300	31,384	Non Service Budgets	3,592	-330	3,262
23,620	-2,636	20,984	Central Budgets	27,555	-3,583	23,972
1,140,601	-751,087	**389,514**	**Cost of services**	1,149,137	-722,864	**426,273**
		42,284	Other Operating Expenditure (Note 8a)			30,360
		55,862	Financing and Investment income and expenditure (Note 8b)			62,646
		-438,520	Taxation and non-specific grant income (Note 8c)			-443,824
		49,140	**Surplus (-) /Deficit on Provision of Services**			**75,455**
		-14,013	Surplus (-)/Deficit on revaluation of non current assets			-3,880
		80,307	Re-measurements of the net defined benefit liability (Note 21d)			-20,385
		66,294	**Other Comprehensive Income and Expenditure**			**-24,265**
		115,434	**Total Comprehensive Income and Expenditure**			**51,190**

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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 2019		31 March 2020	*Notes*
£000		**£000**	
958,725	Property, Plant and Equipment	935,827	*Note 9*
37,058	Heritage Assets	37,413	*Note 12*
53,592	Investment Property	54,580	*Note 13*
430	Intangible assets	379	*Note 14*
1	Long term investment	1	*Note 16*
2,304	Long term debtors	1,924	*Note 17*
1,052,110	**Long Term Assets**	**1,030,124**	
29,454	Short Term Investments	19,050	*Note 18*
170	Assets Held for sale	2,536	*Note 19*
2,299	Inventories	2,270	*Note 18*
89,734	Short Term Debtors	90,729	*Note 18*
52,541	Cash and Cash Equivalents	96,364	*Note 18*
174,198	**Current assets**	**210,949**	
-11,088	Cash and Cash Equivalents (Overdraft)	-5,696	*Note 18*
-20,613	Short term borrowing	-15,312	*Note 18*
-98,103	Short Term Creditors	-104,714	*Note 18*
-7,308	Provisions	-6,703	*Note 20*
-137,112	**Current Liabilities**	**-132,425**	
-22,032	Provisions	-17,865	*Note 20*
-296,894	Long term borrowing	-336,061	*Note 47c*
-1,173,163	Other Long Term liabilities	-1,205,044	*Note 39*
-11,611	Capital Grants Receipts in Advance	-15,374	*Note 45*
-1,503,700	**Long Term Liabilities**	**-1,574,344**	
-414,504	**Net Liabilities**	**465,696**	
-256,168	Usable Reserves	-272,584	*Note 5*
670,672	Unusable Reserves	738,280	*Note 21*
414,504	**Total Reserves**	**465,696**	

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.

2018-19		**2019-20**
£000		**£000**
49,139	Net (surplus) or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 17)	75,455
-174,856	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-161,149
47,816	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	24,845
33,547	Interest and dividends received and paid ((Note 22 d)	32,939
-44,354	**Net cash flows from Operating Activities (Note 22 a)**	**-27,910**
33,671	Investing Activities (Note 22 b)	23,555
15,732	Financing Activities (Note 22 c)	-44,860
5,049	**Net (increase) or decrease in cash and cash equivalents**	**-49,215**
	Balance Sheet Movement	
46,502	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 18: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	41,453
41,453	Cash and cash equivalents at the end of the reporting period (Note 18, page 47) (Balance Sheet page 18: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	90,668
5,049	**Net (increase) or decrease in cash and cash equivalents**	**49,215**

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 2019-20 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.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The Council had no HRA in 2019-20 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 2019-20 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 or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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.

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

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

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

Local Government Pension Scheme members retiring on or after 6 April 2006 can elect to take a higher lump sum in exchange for a lower retirement benefit. The commutation terms mean that it is less costly for the scheme to provide the lump sum than the pension, as more members take up this option, employers' pension costs are reduced. At its inception it was assumed that 50% of members will take up the option to increase their lump sum to the maximum available. However, the 2019-20 figures are based on actual take-up levels up to 31 March 2020.

Teachers' Pensions

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

Discretionary Benefits

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

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

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

Financial Liabilities

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy to spread the gain or loss over the term of the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

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

Financial Assets Measured at Fair Value through Profit of Loss

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

Assets are maintained in the Balance Sheet at fair value. Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Values are based on the following principles:

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

ix. Foreign Currency Translation

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

x. Government Grants and Contributions

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

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

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

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

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

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

xi. Heritage Assets

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

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

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

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

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

xiii. Interests in Companies and Other Entities

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

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

xiv. Inventories and Long term Contracts

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

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

xv. Investment Property

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

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

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

xvi. Joint Arrangements

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

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

xvii. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

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

Operating Leases

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

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

Component Accounting

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xix. Private Finance Initiative (PFI) and Similar Contracts

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. These reserves are classed as usable reserves and itemised in Note 5 on page 37.

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

xxii Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

xxiii. Value Added Tax (VAT)

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

xxiv. Partnership Arrangements

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

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

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

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

The Council acts as an agent in collecting National Non Domestic Rates (NNDR) on behalf of the government, but also retains a 74% share of NNDR received. The budgeted, rather than actual, total of the 74% share of NNDR attributable to the Council is recognised in the Comprehensive Income and Expenditure Statement. The difference between the budgeted 74% 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.

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 2019-20

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

Accounting Standards Issued, not yet adopted

IFRS 16 Leases: this new standard replaces IAS 17 from 2020/21 and establishes a new model for lessees: it will require local authorities to recognise nearly all leases on their balance sheets. The implementation has been deferred until 1 April 2021. Because of the timescale, it is too early to estimate the impact of this change.

IAS19 Employee benefits will require the remeasurement of the the net pension asset liability, curtailments and settlements to be used in the determination of current service cost. This change will only apply from 1 April 2020 and could both increase or reduce the pension liability, so no estimate can be made of the potential accounting 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 2020, 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.

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

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

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

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

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

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. £18.913m) in 2019-20 to the Movement in Reserves Statement.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The Council had Property, Plant and Equipment of £935.827m as at 31 March 2020. 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. The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.	If the useful life of assets is for example reduced, depreciation increases and the carrying amount of the asset falls.
Provisions	The Council also has a provision of £6.621m at 31 March 2020 (£6.138m at 31 March 2019) 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 £16.475m at 31 March 2020 (£20.4m at 31 March 2019) for the Council's share of Business Rate Appeals. New funding arrangements now mean that the Council receives 74% 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	The Council had a pension liability of £1,046m at 31 March 2020. 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 £54.7m – a decrease from £2,880.6m to £2,825.8m.
	Another key uncertainty: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Valuation of quoted and unquoted assets were materially impacted. The impact of Covid-19 has added additional uncertainty to the valuation of private equity investments within level 3 of the fair value hierarchy, which is challenging in normal times. Asset values are less certain as a result of increased volatility, changing domestic and industrial consumption, markets trending more favourably in the direction of digital, virtual and contactless business activities with green environmental focus. In simple terms the impact of Covid-19 resulted in a significant reduction in the number of transactions in the market up to 31 March 2020 and consequently the relevant observable data available upon which to base a valuation judgement. With regard to pooled property funds, a material valuation uncertainty clause has been included in a number of valuation reports from fund managers due to the possible impact of Covid-19. Therefore, there is less certainty, and a higher degree of caution should be attached to our valuations of private equity and pooled property funds included in level 3 of the fair value hierarchy than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts.	The overall impact would be to change the net liability shown on the balance sheet.
Arrears	At 31 March 2020, the Council had a balance of debtors and prepayments of £119.065m, an increase of £4,394m compared to the 31 March 2019 figure of £114.7m. A review of significant balances suggested that a minimum impairment of debts of 15% was appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.
Leases	The Council had £1.309m of finance leases categorised within Property, Plant and Equipment as 31 March 2020. Operating leases are not shown in the Balance Sheet. Under IFRS, all leases must firstly be split into either finance or operating leases, and then into land and buildings. The Council has over 3,000 individual leases, most of which are for relatively small amounts. The Council does not have sufficient valuation staff to review all leases, and the resulting information would not justify the cost. The main assumptions which have been made are:	
	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 300 equipment leases which have a value over £10,000 over the life of the lease	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.

	which will be reviewed. Those under £10,000 will not be reviewed.	
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. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, it has been difficult to value property assets. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. However, where observable data has changed in the weeks following 31 March 2020 asset values have been reviewed and adjusted accordingly. 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 2019-20

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.

2018-19					2019-20			
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:				
31,916			-31,916	Charges for depreciation and impairment of non current assets	33,027			-33,027
-2,661			2,661	Revaluation losses on property, plant and equipment	17,271			-17,271
1,027			-1,027	Movements in the market value of Investment Properties	5,274			-5,274
240			-240	Amortisation of intangible assets	254			-254
-27,372			27,372	Capital grants and contributions applied	-20,723			20,723
6,651		-3,469	-3,182	Revenue expenditure funded from capital under statute (REFCUS)	7,683		-5,351	-2,332
45,024			-45,024	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	31,457			-31,457
0			0	Donated Assets				
			0	**Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:**				
-1,000			1,000	Statutory provision for the financing of capital investment	-18,914			18,914
-5,047			5,047	Capital expenditure charged against the General Fund	-3,796			3,796
			0	**Adjustments primarily involving the Capital Grants Unapplied Account:**				
-15,690		15,690	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-2,067		2,067	0
		-2,018	2,018	Application of grants to capital financing transferred to the Capital Adjustment Account			-10,431	10,431
			0	**Adjustments primarily involving the Capital Receipts Reserve**				
-4,754	4,754		0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-3,253	3,253		0
	-4,755		4,755	Use of the Capital Receipts Reserve to finance new capital expenditure		-2,055		2,055
	-1		1	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.				
			0	**Adjustments primarily involving the Deferred Capital Receipts Reserve:**				
	2		-2	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		-1,198		1,198
			0	**Adjustments primarily involving the Financial Instruments Adjustment Account:**				
823			-823	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	-275			275
			0	**Adjustments primarily involving the Pensions Reserve:**				
117,069			-117,069	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	108,266			-108,266
-48,492			48,492	Employer's pensions contributions and direct payments to pensioners payable in the year:	-48,683			48,683
-3,958			3,958	**Adjustments primarily involving the Collection Fund Adjustment Account:** 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.	-68			68
			0	**Adjustment primarily involving the Accumulated Absences Account:**				
-1,522			1,522	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.	134			-134
92,254	0	10,203	-102,457	**Total Adjustments between accounting basis & funding basis under regulations**	105,587	0	-13,715	-91,872

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2018 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2019 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2020 £000
General Fund Reserve	10,803	0	4,197	15,000	0	0	15,000
Schools Delegated Balances	20,550	-262	6,988	27,276	0	4,646	31,922
A. Total General Fund Balance	**31,353**	**-262**	**11,185**	**42,276**	**0**	4,646	**46,922**
Unallocated reserves available to support future budget decisions	**14,497**	**-4,197**	**0**	**10,300**	**0**	**0**	**10,300**
Earmarked Reserves							
Transitional and Risk	10,911	-2,214	8,062	16,759	-7,593	3,777	12,943
Exempt VAT	2,000	0	0	2,000	0	0	2,000
Producer City Initiative	162	-54	49	157	0	0	157
PFI - Contracts	684	-194	0	490	0	0	490
Employment Opportunities Fund	1,227	-986	0	241	-241	328	328
Trade Waste VAT Refund	279	-176	0	103	-103	0	0
Insurance	1,775	0	0	1,775	0	0	1,775
Insurance Risk	1,893	0	0	1,893	0	0	1,893
Industrial Centres of Excellence	1	0	0	1	-1	0	0
Regional Growth Fund	4,667	-445	0	4,222	-481	0	3,741
Better Use of Budgets	1,670	-1,669	788	789	-789	0	0
Regional Revolving Investment Fund	1,152	-527	0	625	0	0	625
Discretionary Social Fund	1,719	-97	0	1,622	-127	0	1,495
Single Status	23	0	0	23	-23	0	0
Health Integration	222	0	0	222	-222	0	0
Match Fund Basic Needs Grant	700	0	0	700	0	0	700
Dilapidation & Demolition	1,628	-240	0	1,388	-442	0	946
Strategic Site Assembly & Develop	756	-58	0	698	-200	111	609
Redundancy Reserve	2,430	0	3,000	5,430	-734	0	4,696
Implementation Reserve	3,970	-1,413	0	2,557	-1,449	0	1,108
Review of Council's MRP Policy	10	0	0	10	-10	0	0
Review of Council's Pension Guarantees	10	-6	0	4	-4	0	0
NDR Volatility Reserve	735	0	2,000	2,735	0	0	2,735
Council Tax Reserve	575	0	0	575	0	0	575
Leeds City Region WYTF	421	0	0	421	0	0	421
Leeds City Region Economic Development	402	0	0	402	0	0	402
Finance Works Reserve	0	0	56	56	0	38	94
Markets Compensation	0	0	360	360	-112	400	648
Financing Reserve 2019/20	0	0	1,000	1,000	0	0	1,000
ICT Programmes Budget	0	0	0	0	-1,818	4,951	3,133
Children Services Investment Fund	0	0	0	0	0	1,039	1,039
S31 Business Rate Grants Reserve	0	0	0	0	0	16,854	16,854
Covid 19 funding allocation Reserve	0	0	0	0	-2,746	15,757	13,011
Financing Reserve	23,738	0	23,663	47,401	0	5,172	52,573
	63,760	**-8,079**	**38,978**	**94,659**	**-17,095**	**48,427**	**125,991**
Reserves for capital investment							
Markets	668	-278	0	390	-288	0	102
Renewal and Replacement	5,137	0	0	5,137	0	0	5,137
	5,805	**-278**	**0**	**5,527**	**-288**	**0**	**5,239**
Service Earmarked Reserves							
PFI - BSF Unitary Charge	12,095	0	1,504	13,599	0	1,557	15,156
Supporting People	754	0	0	754	-690	0	64

Integrated Health and Social Care	1,291	-933	480	838	-290	1,500	2,048
Community Support and Innovation Fund	352	-30	0	322	-20	0	302
Other	22,863	-5,325	4,373	21,911	-9,032	2,893	15,772
	37,355	**-6,288**	**6,357**	**37,424**	**-10,032**	**5,950**	**33,342**
Revenue Grant Reserves	**12,937**	**-5,256**	**10,955**	**18,636**	**-7,177**	**5,701**	**17,160**
B Total Earmarked Reserves	**134,354**	**-24,098**	**56,290**	**166,546**	**-34,592**	**60,078**	**192,032**
C Capital Grants Unapplied	**37,142**	-5,487	15,690	**47,345**	-15,782	2,067	**33,630**
D Capital Receipts Reserve	**0**	-4,756	4,756	**0**	-2,056	2,056	**0**
E Total Other Usable Reserves	**37,142**	**-10,243**	**20,446**	**47,345**	**-17,838**	**4,123**	**33,630**
Total Usable Reserves	**202,849**	**-34,603**	**87,921**	**256,167**	**-52,430**	**68,847**	**272,584**

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 (£46.9m)

A net £46.9m balance has been carried forward to 2020-21 (£42.3m at 31 March 2019). This includes £31.9m carried forward for schools under delegated budgets.

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

b) Earmarked Reserves (£192.1m)

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 2020 the Council has available £10.3m of unallocated corporate reserves. In 2019-20 the overall level of earmarked reserves increased by a net £25.5m from £166.5m at 31 March 2019 to £192.1m at 31 March 2020.

c) Capital Grants Unapplied Reserve (£33.6m)

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 (£0m)

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 £1,320 to the pool in 2019-20 (£922 in 2018-19). 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.

2018-19	**Capital Receipts Reserve**	**2019-20**
£000		**£000**
0	**Balance at 1 April**	**0**
	Usable receipts in the year	
4,754	Disposal of assets	2,055
2	Other capital receipts	1
-1	Appropriation to (–) from Revenue Account re pooled housing receipts	-1
-4,755	Used to finance capital spending	-2,055
0	Used for debt repayment	0
0	**Balance at 31 March**	**0**

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

Note 6. Exceptional Items

There were no exceptional items in 2019-20 or 2018-19.

Note 7. Post Balance Sheet Events

Since 1 April, eight Voluntary Aided Schools and two Community Schools have transferred to Academy status. The school assets owned by the Council have an estimated value of £6.5m at 31 March 2020 and will be removed from the Balance Sheet when a 125 year peppercorn lease is completed.

Note 8. Analysis of the Comprehensive Income and Expenditure

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

a) Other Operating expenditure

2018-19 £000	Other Operating expenditure	2019-20 £000
1,971	Parish Council Precepts	2,205
1	Payments to the Government Housing Capital Receipts Pool	1
40,312	Losses on the disposal of non-current assets	28,154
42,284	**Total**	**30,360**

b) Financing and Investment Income and Expenditure

2018-19 £000	Financing and Investment Income and Expenditure	2019-20 £000
34,772	Interest payable and similar charges (see table b2 below)	34,168
21,684	Net Interest on the Pension net defined benefit liability/(asset)	23,587
-574	Interest receivable and other income	-639
-1,219	Income and expenditure in relation to investment properties and changes in their fair value	2,840
-666	Other investment income	-655
1,865	Net Deficit/surplus on Trading Accounts	3,345
55,862	**Total**	**62,646**

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

2018-19 £000	Interest Payable and Similar Charges	2019-20 £000
	External interest charges	
15,340	Public Works Loans Board	15,351
17,515	Interest on PFI and finance lease rentals	17,010
1,702	Lender Option Borrower Option (LOBO's)	1,546
213	Transferred debt	220
2	Interest on short term borrowing	41
34,772	**Total**	**34,168**

c) Taxation and Non- Specific Grant Income

2018-19 £000	Taxation and Non-Specific Grant Income	2019-20 £000
-189,723	Council Tax income	-197,260
-129,613	Non domestic rates	-96,546
-76,123	Non-ringfenced government grants (see below)	-127,228
-43,061	Capital grants and contributions	-22,790
0	Donated Assets Funding	0
-438,520	**Total**	**-443,824**

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 2019-20 the Council received the following:

c2) Government Grants

2018-19 £000	Government grants (not attributable to specific services)	2019-20 £000
-46,454	Top Up Grant	-67,061
-667	Local Services Support Grant	-839
-5,664	New Homes Bonus Grant	-4,887
-23,338	Section 31 Grant, mainly relating to Business Rates and National Levy surplus	-54,441
-76,123	**Total**	**-127,228**

Note 9. Property, Plant and Equipment: Movements on Balances in 2019-20

	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 2019	**25,005**	**634,248**	**46,143**	**358,312**	**54,211**	**17,296**	**32,203**	**1,167,418**	**48,211**
Additions	587	10,573	6,075	21,764	82	897	17,412	57,390	114
Revaluation in the Rev. Reserve	35	1,544	0	0	225	-1,262	0	542	0
Revaluation. in Surplus/Deficit on the Provision of Services	-2,946	-24,234	0	0	45	-946	0	-28,081	0
Derecognition – disposals	0	-33,158	-2,133	0	0	-509	0	-35,800	0
Derecognition - other									
Assets reclassified (to)/ from Held for Sale	0	0	0	0	-285	-2,505	0	-2,790	0
Reclassifications	13,593	22,728	0	0	0	63	-36,392	-8	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2020	**36,274**	**611,701**	**50,085**	**380,076**	**54,278**	**13,034**	**13,223**	**1,158,671**	**48,325**
At 1 April 2019	**-385**	**-45,674**	**-26,695**	**-135,639**	**0**	**-300**	**0**	**-208,693**	**-803**
Depreciation charge	-412	-15,155	-5,008	-11,916	0	-101	0	-32,592	-1,020
Depreciation w/o Revalua tion Reserve	0	2,951	0	0	0	32	0	2,983	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	797	9,982	0	0	0	97	0	10,876	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	-435	0	0	0	-435	0
Derecognition – disposals	0	2,757	2,118	0	0	6	0	4,881	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Reclassifications – Other	0	264	0	0	0	-128	0	136	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2020	**0**	**-44,875**	**-29,585**	**-147,990**	**0**	**-394**	**0**	**-222,844**	**-1,823**
At 31 March 2019 – Net Book Value	**24,620**	**588,574**	**19,448**	**222,673**	**54,211**	**16,996**	**32,203**	**958,725**	**47,408**
At 31 March 2020 – Net Book Value	**36,274**	**566,826**	**20,500**	**232,086**	**54,278**	**12,640**	**13,223**	**935,827**	**46,502**

Comparative Movements in 2018-19

	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 RESTATED
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2018	**16,978**	**680,534**	**54,330**	**337,054**	**53,266**	**16,591**	**19,382**	**1,178,135**	**46,273**
Additions	-48	14,776	4,398	21,258	252	622	26,077	67,335	591
Revaluation in the Rev. Reserve	0	5,786	0	0	1,169	-90	0	6,865	2,539
Revaluation. in Surplus/Deficit on the Provision of Services	-3,918	-23,856	0	0	-229	-470	0	-28,473	-1,192
Derecognition – disposals	0	-43,780	-1,819	0	-293	-2,384	0	-48,276	0
Derecognition - other	0	0	-10,766	0	0	0	0	-10,766	0
Assets reclassified (to)/ from Held for Sale	0	-680	0	0	0	-368	-584	-1,632	0
Reclassifications	11,993	1,468	0	0	46	3,395	-12,672	4,230	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2019	**25,005**	**634,248**	**46,143**	**358,312**	**54,211**	**17,296**	**32,203**	**1,167,418**	**48,211**
At 1 April 2018	**-363**	**-71,771**	**-33,893**	**-124,432**	**0**	**-1,148**	**0**	**-231,607**	**-4,308**
Depreciation charge	-280	-15,082	-5,212	-11,207	0	-121	0	-31,902	-929
Depreciation w/o Revalua tion Reserve	0	7,109	0	0	0	39	0	7,148	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	258	30,799	0	0	0	76	0	31,133	4,434
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – disposals	0	3,207	1,644	0	0	902	0	5,753	0
Derecognition – other	0	0	10,766	0	0	0	0	10,766	0
Reclassifications – Other	0	64	0	0	0	-48	0	16	0
Other movements in depreciation & impairment	0	0	0	0	0		0	0	0
At 31 March 2019	**-385**	**-45,674**	**-26,695**	**-135,639**	**0**	**-300**	**0**	**-208,693**	**-803**
At 31 March 2018 – Net Book Value	**16,615**	**608,763**	**20,437**	**212,622**	**53,266**	**15,443**	**19,382**	**946,528**	**41,965**
At 31 March 2019 – Net Book Value	**24,620**	**588,574**	**19,448**	**222,673**	**54,211**	**16,996**	**32,203**	**958,725**	**47,408**

PFI Assets Included in Property Plant & Equipment asset values have been adjusted to reflect updated 2018-19 revaluation entries for Hanson and Titus. These entries were included in the Total Property Plant & Equipment figures and valuation disclosed on the Balance Sheet.

Note 10. Valuations

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

Valuations were completed during the period 1st April 2019 to 12th April 2020. Assets reviewed as part of the 5 year plan were valued as at the 1st April 2019, with the exception of Council Dwellings which were valued with effect from 31st March 2020.

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

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

Operational and non-operational assets have been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Estate Management Service. These valuations have been carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The Council has a five year rolling revaluation programme for all material assets. The table below analyses this revaluation cycle by asset values, asset type and the relevant financial year.

It should be noted that owing to the Covid 19 pandemic, the valuations are therefore reported on the basis of "material valuation uncertainty" – per schedules VPS 3 and VPGA 10 of the RICS Red Book Global. This means as at 31 March 2020, less certainty and a higher degree of caution is attached to the valuation than would be the case in previous years. Valuers consider that they can attach less weight to market evidence for comparison purposes in order to form opinions of value. The background is that the pandemic has had a significant impact of markets; there was a declaration by the World Health Organisation of a "Global Pandemic" on 11 March 2020; there has been an impact on global financial markets; and travel restrictions have been implemented by many countries.

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	10,082	1	20,500	310	232,086	20,440	13,223	296,642
Held at Valuation Value in:								
2015/16	0	21,492	0	3,231	0	451	0	25,174
2016/17	0	29,421	0	1,388	0	1,449	0	32,258
2017/18	0	46,111	0	2,264	0	26,015	0	74,390
2018/19	0	318,323	0	1,393	0	4,929	0	324,645
2019/20	26,192	151,478	0	4,054	0	994	0	182,718
Total	**36,274**	**566,826**	**20,500**	**12,640**	**232,086**	**54,278**	**13,223**	**935,827**

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 2019-20. At 31 March 2020 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019-20 and future years budgeted to cost £17.222m. Similar commitments at 31 March 2019 were £13.594m. The major commitments (over £0.250m) are:

Capital Commitments	2018-19	2019-20
	£000	£000
Primary Schools Expansion Programme	4,653	399
Secondary School Expansion Programme	0	1,796
Silsden Primary School	0	8,541
Affordable Housing	1,374	283
Squire Lane	429	0
Keighley Road Adult Social Care Respite and Residential	1,970	0
Sedbergh Sports Facility	4,903	0
Digital Scanner (Coroner)	265	0
Vehicle Replacement	0	5,148
Ilkley Lido	0	325
Bereavement Project	0	730
Total	**13,594**	**17,222**

b) Obligations Under Long-Term Contracts

There was no long term obligation at 31 March 2020.

Note 12. Heritage Assets

Tangible Heritage Assets

	Museum collection	Civic regalia	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or valuation				
1 April 2018	35,213	1,732	113	37,058
Additions	0	0	0	0
Revaluation increases / (decreases) recognised in the revaluation reserve	0	0	0	0
31 March 2019	**35,213**	**1,732**	**113**	**37,058**
Cost or valuation				
1 April 2019	35,213	1,732	113	37,058
Additions	0	0	0	0
Revaluation increases / (decreases) recognised in the revaluation reserve	355	0	0	355
31 March 2020	**35,568**	**1,732**	**113**	**37,413**

The Council held £37.4m heritage assets on its Balance Sheet as at 31 March 2020.

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 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.

During 2019-20 there have been six new valuations by external valuers resulting in a revaluation increase of £260,000. In addition four paintings already included on the Balance Sheet have a revaluation increase of £95,000.

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 2018-19. 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 2019-20 or 2018-19.

Additions of Heritage Assets

There have been no significant purchases to heritage assets in 2019-20 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 £2.483m (see below Analysis of Rental Income and Management Costs of Investments), less the decrease of £5.274m on fair value (see below reconciliation of Movements on Investments), less the loss on disposal of £0.049m comprise the £2.840m charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 39.

2018-19 £000		2019-20 £000
-2,427	Rental income from investment property	-2,744
-147	Other income (service and other charges)	-108
	Direct operating expenses:	
229	Repairs & maintenance	95
142	Management expenses	274
-2,203	**Net (gain)**	**-2,483**

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

2018-19 £000	Reconciliation of Movements on Investments	2019-20 £000
58,863	**Balance at 1 April**	**53,592**
78	Additions	6,555
-92	Disposals	-165
-1,027	Net gains/losses(-) from fair value adjustments	-5,274
	Transfers	
-4,230	To/from Property, Plant and Equipment	-128
53,592	**Balance at 31 March**	**54,580**

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. As disclosed in note 10, valuations are reported on the basis of "material valuation uncertainty" – per schedules VPS 3 and VPGA 10 of the RICS Red Book Global. This means as at 31 March 2020, less certainty and a higher degree of caution is attached to the valuation than would be the case in previous years. Valuers consider that they can attach less weight to market evidence for comparison purposes in order to form opinions of value.

Fair value

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

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

There were no transfers between levels during the year.

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

Highest and best use of investment properties

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

Note 14. Intangible Assets

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

All software is given a useful life, based on the assessments of the period that the software is expected to be of use to the Council. All of the Council's software has an estimated useful life of between five and ten years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.254m charged to revenue in 2019-20 (£0.24m in 2018-19) 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:

	2018-19 £000	2019-20 £000

Balance at 1 April each year		
• Gross carrying amounts	20,069	20,144
• Accumulated amortisation	-19,474	-19,714
Net carrying amount at start of year	**595**	**430**
Additions :		
• Purchases	75	218
Other disposals	0	-15
Amortisation for the period	-240	-254
Net carrying amount at end of year	**430**	**379**
Comprising :		
• Gross carrying amounts	20,144	20,325
• Accumulated amortisation	-19,714	-19,946

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 2019-20 or 2018-19.

Note 16. Long Term Investment

The Council's long term investment at 31 March 2020 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2019 £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 balance owing on sale of assets on finance leases of £0.21m represents the principal element of the leases.

31 March 2019 £000	**Analysis of Long Term Debtors**	**31 March 2020 £000**
1	Former Council house tenants	0
220	Other local authorities re joint services	0
494	Car loans	456
261	Building Schools for the Future Ltd	241
581	Loans to organisations	481
4	Housing Advances	4
210	Balance owing on sale of assets on finance lease(s)	210
533	Other	532
2,304	**Total**	**1,924**

Note 18. Current Assets and Current Liabilities

31 March 2019 £000	**Inventories**	**31 March 2020 £000**
0	Trading services	0
2,299	Other	2,270
2,299	**Total**	**2,270**

Short term Debtors and Payments In Advance

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

31 March 2019 £000	**Analysis of Debtors and Payments in Advance**	**31 March 2020 £000**
	Amounts falling due within one year	
15,203	Central Government bodies	8,663
2,753	Other local authorities	19,716

10,180	NHS bodies	2,405
665	Public corporations and trading funds	694
79,868	Other entities and individuals	78,824
6,002	General payments in advance	8,763
114,671	**Total**	**119,065**
	Less provision for bad and doubtful debts	
14,181	Collection Fund	17,426
10,756	Other	10,911
89,734	**Net Total**	**90,729**

The net debtors have increased from a total of £89.734m at 31 March 2019 to £90.729m at 31 March 2020, an increase of £0.995m. Collection Fund debtors net of impairment within one year old were £9m and over one year old were £6.1m.

Short Term Investments

The Council has short term investments of £19.050m; see Balance Sheet (£29.454m 2018-19). 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 2020, £53.8m was invested in short term deposits, banks and building societies (£5m at 31 March 2019).

31 March 2019 £000		31 March 2020 £000
565	Cash held by the Council	47
46,976	Bank accounts	42,517
5,000	Short term deposits with building societies and banks	53,800
52,541	**Total Cash and Cash Equivalents** (see Balance Sheet page 18)	**96,364**
-11,088	Cash and Cash Equivalents Overdrawn (see Balance sheet page 18)	-5,696
41,453	**Total net Cash and Cash Equivalents** (see Cashflow statement page 19)	**90,668**

The Council also has short term borrowings of £15.312m (£20.613m 2018-19).

Creditors and Receipts in Advance

31 March 2019 £000	Analysis of Creditors and Receipts in Advance	31 March 2020 £000
	Amounts falling due within one year	
10,619	Central Government bodies	18,251
2,019	Other local authorities	1,146
2,335	NHS bodies	3,562
830	Public corporations and trading funds	6,468
62,321	Other entities and individuals	57,333
78,124	**Total**	**86,760**
	Receipts in advance	
12,080	Sundry	12,754
7,899	Developer's contributions	5,199
19,979	**Total**	**17,954**
98,103	**Total Creditors and Receipts in Advance**	**104,714**

Note 19. Assets held for sale

Current Assets held for sale		
	2018-19	**2019-20**
	£000	**£000**
Balance outstanding at start of year	**977**	**170**

Additions	0	0
Assets newly classified as held for sale:		
- Property, Plant and Equipment	1,616	2,790
Revaluation losses	0	-66
Assets declassified:		
- Property, Plant and Equipment	0	0
Assets sold	-2,423	-358
Balance outstanding at year end	**170**	**2,536**

Note 20. Provisions

The provisions totals of £24.568m at 31 March 2020 and £29.340m at 31 March 2019 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, £6.703m at 31 March 2020 (£7.308m at 31 March 2019). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £17.865m at 31 March 2020 (£22.032m at 31 March 2019).

	Termination	Redundancy Provision	Personal Search fees	MMI Scheme of Arrangement	Outstanding legal cases	Injury and Damage Compensation	Testing Provision	Business Rate Appeals	Total
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 31 March 2018	**8,098**	**0**	**93**	**1,130**	**3,090**	**2,644**	**0**	**7,480**	**22,535**
Additional provisions made in 2019-20	0	341	0	177	2,443	2,037	0	15,997	20,995
Amounts used in 2019-20	-1,433	0	0	0	-1,355	-855	0	-3,109	-6,752
Unused amounts reversed in 2019-20	-5,572	0	0	0	-880	-986	0	0	-7,438
Balance at 31 March 2019	**1,093**	**341**	**93**	**1,307**	**3,298**	**2,840**	**0**	**20,368**	**29,340**
Additional provisions made in 2019-20	733	0	0	0	922	3,078	0		4,733
Amounts used in 2019-20	-1,481	-341	0	0	-286	-1,281	0	-747	-4,136
Unused amounts reversed in 2019-20	0	0	0	-274	-913	-1,035	0	-3,147	-5,369
Balance at 31 March 2020	**345**	**0**	**93**	**1,033**	**3,020**	**3,601**	**0**	**16,475**	**24,568**

Short-Term	345	0	93	0	1,355	1,615	0	3,295	6,703
Long-Term	0	0	0	1,033	1,666	1,986	0	13,180	17,865
Balance at 31 March 2020	**345**	**0**	**93**	**1.033**	**3,021**	**3,601**	**0**	**16,475**	**24,568**

The individual provisions are described below. An estimate has been made of the likely cashflows between years; however, the timing of these is uncertain.

Termination (£0.345) – for planned future redundancy costs arising from the detailed saving proposals approved as part of the 2020-21 Budget. This budget was set on a 3 year rolling basis, with the amounts set aside in short term for anticipated redundancies in 2020-21. The amounts in long-term relate to expected redundancies in 2021-22 and 2022-2023.

Redundancy Provision -£0.000m – this provision is set aside for past expenditure, which may be determined to fall within the scope of IR35, and which therefore could incure a future liability to HMRC

MMI scheme of arrangement provision £1.033m – these amounts set aside to fund historic liabilities which were insured but are not fully funded by the insurance company.

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

Insurance provisions (£3.020m and £3.601m) – 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 2019 £000	Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)	31 March 2020 £000
46	Property	0
5,808	Other Liability claims	6,402

284	Motor	220
6,138	**Total**	**6,622**

Business Rates Appeals (£16.475m) – 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

2018-19		2019-20
£000		**£000**
183,996	(a) Revaluation Reserve	174,538
166,960	(b) Capital Adjustment Account	146,602
-5,958	(c) Financial Instruments Adjustment Account	-5,683
-1,006,971	(d) Pensions reserve	-1,046,171
256	(e) Deferred capital receipts reserve	1,453
1,153	(f) Collection Fund Adjustment Account	1,222
-10,108	(g) Accumulated Absences Account	-10,241
-670,672	**Total Unusable Reserves**	**-738,280**

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 2019-20, the Reserve has reduced from £183.996m to £174.538m, a decrease of £9,458m.

2018-19		2019-20
£000		**£000**
181,029	**Balance at 1 April**	**183,996**
30,358	Upward revaluation of assets	12,040
-16,345	Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-8,160
0	Impairments not charged to the Surplus or deficit on the Provision of Services	0
14,013	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**3,880**
-3,451	Difference between fair value depreciation and historical cost depreciation	-3,617
-7,595	Accumulated gains on assets sold or scrapped	-9,721
-11,046	**Amount written off to the Capital Adjustment Account**	**-13,338**
183,996	**Balance at 31 March**	**174,538**

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.

2018-19 £000		2019-20 £000
194,448	**Balance at 1 April**	**166,960**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
-31,915	- Charges for depreciation and impairment of non-current assets	-33,027
2,661	- Revaluation losses on Property, Plant and Equipment	-17,271
-240	- Amortisation of Intangible Assets	-254
-3,182	- Revenue expenditure funded from capital under statute (REFCUS)	-2,332
-45,024	- 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	-31,457
11,046	Adjusting amounts written out of the Revaluation Reserve	13,338
	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year :	
4,755	- Use of the Capital Receipts Reserve to finance new capital expenditure	2,055
26,180	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	18,667
2,018	- Application of grants to capital financing from the Capital Grants Unapplied Account	10,431
1,193	- Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	2,056
0	- Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
1,000	- Statutory provision for the financing of capital investment charged against the General Fund	18,913
5,047	- Capital expenditure charged against the General Fund balance	3,796
-1,027	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-5,274
166,960	**Balance at 31 March**	**146,601**

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.

2018-19 £000		2019-20 £000
-5,134	**Balance at 1 April**	**-5,958**
-1,145	Premiums incurred in year	
240	Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	256
81	Removal of Effective Interest Rate on stepped interest loans	18
-824	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	**274**
-5,958	**Balance at 31 March**	**5,684**

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.

2018-19		2019-20
£000		£000
-858,087	**Balance at 1 April**	**-1,006,971**
-80,307	Remeasurement of net defined benefit liability	20.385
-117,069	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	-108,266
48,492	Employer's pensions contributions and direct payments to pensioners payable in the year	48,683
-1,006,971	**Balance at 31 March**	**-1,046,171**

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.

2018-19 £000		2019-20 £000
258	**Balance at 1 April**	**256**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,198
-2	Transfer to the Capital Receipts Reserve upon receipt of cash	-1
256	**Balance at 31 March**	**1,453**

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.

2018-19 £000		2019-20 £000
-2,805	**Balance at 1 April**	**1,153**
3,958	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	69
1,153	**Balance at 31 March**	**1,222**

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.

2018-19 £000		2019-20 £000
-11,630	**Balance at 1 April**	**-10,108**
11,630	Settlement or cancellation of the accrual made at the end of the preceding year	10,108
-10,108	Amounts accrued at the end of the current year	-10,241
1,522	**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**.	**-133**
-10,108	**Balance at 31 March**	**-10,241**

Note 22. Cash Flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

2018-19		2019-20
£000		**£000**
49,139	Net (surplus) or deficit on the provision of services (see d)	75,455
-174,856	Adjustments to surplus or deficit for non-cash movements (See d)	-161,149
47,816	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24,845
-501	Interest Received	-602
34,615	Interest paid	34,168
-567	Dividends Received	-627
-44,354	**Net cash flows from operating activities**	**-27,910**

b) Investing Activities

The cash flows for investing activities include the following items:

2018-19		2019-20
£000		**£000**
65,413	Purchase of property, plant and equipment, investment property and intangible assets	62,302
77,976	Purchase of short term and long term investments	19,315
-3,141	Other payments for investing activities	-20,734
-4,755	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-2,055
-38,297	Capital grants	-5,819
-63,525	Proceeds from short term and long term investments	-29,454
33,671	**Net cash flows from investing activities**	**23,555**

c) Financing Activities

The cash flows for financing activities include the following items:

2018-19		2019-20
£000		**£000**
-23,900	Cash receipts of short and long term borrowing	-139,200
2,932	Other receipts from financing activities	-5,709
4,516	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	-4,516
32,184	Repayments of short and long term borrowing	105,332
0	Other payments for financing activities	-768
15,732	**Net cash flows from financing activities**	**-44,860**

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

2018-19	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow			2019-20
£000				£000
49,139	**Net deficit / surplus (-) for year on the Comprehensive Income and Expenditure Account (I & E)**	A		**75,455**
	Add back non cash I & E items:			
-30,522	Depreciation & impairment, revaluation gains and losses, market value movements, and amortisation	B		-55,827
	Aborted cost on prior year capital expenditure	C		
-68,577	IAS19 Pension adjustments	D		-59,583
	Donated Assets non-cash funding	E		
	Items on accruals basis:			
533	Decrease (-) / Increase in stocks	F		-28
6,676	Decrease (-) / increase in amounts due to Council (debtors)	G		1,417
887	Decrease / increase (-) in amounts due from Council (creditors)	H		11,432
-45,024	Carrying amount of disposals	I		-30,259
-6,804	Movement provisions	J		4,771
1,522	Net movement on Employee Benefit accrual	K		-134
-141,309	Removal of non-cash items included in Deficit/Surplus on Provision of services	L	B to K	*-128,211*
	Removal of interest received and paid already included in Surplus/Deficit so that this can be shown separately:			
-34,615	Interest paid	M		-34,168
501	Interest received	N		602
567	Dividends received	O		627
-33,547	Interest received and paid	P	M to O	*-32,939*
-174,856	**Adjustments to surplus or deficit for non-cash movements (Per Cash Flow Statement)**	Q	P + L	**-161,150**
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
43,061	Capital Grants credited to surplus or deficit on the provision of services	R		22,790
4,755	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	S		2,055
47,816	**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	**24,845**
33,547	**Interest and dividends received & paid shown separately (see above)**	U	P	**32,939**
-44,354	**Operating activities - net cash flow**	V	A+Q+T+U	**-27,910**

Note 23. 2019-20 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 2019-20 Outturn Statement	Reclass ification for the CIES	Net Expenditu re in the CIES	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund
	£0	£0	£0	£0	£0
	a	b	c = a + b	d	e = c + d
Health and Wellbeing	119,256	-884	118,372	-8,740	**109,632**
Children's Services	110,717	-3,247	107,470	-29,617	**77,853**
Department of Place	113,931	-1,338	112,593	-44,919	**67,674**
Revenues & Benefits	3,687	272	3,959	-1,494	**2,465**
Chief Executive	4,760	1	4,761	-611	**4,150**
Corporate Resources (Excluding Revenues and Benefits)	51,711	172	51,883	-12,225	**39,658**
Non Service Budgets	8,302	-5,040	3,262	3,253	**6,515**
Central Budgets	-51,696	75,668	23,972	4	**23,976**
Net Cost of Services	**360,668**	**65,604**	**426,272**	**-94,349**	**331,924**
Other Operating Expenditure		30,359	30,359	-28,154	**2,205**
Financing and Investment income and expenditure		62,648	62,648	-28,928	**33,720**
Taxation and non-specific grant income	-360,668	-83,156	-443,824	22,860	**-420,964**
Earmarked Reserves				25,486	**25,486**
Increase in School Delegated Balances				4,646	**4,646**
Statutory Provision for the financing of capital investment				18,914	**18,914**
Capital Expenditure charged against the General Fund				3,795	**3,795**
Financial Instruments Adjustment Account				275	**275**
Surplus (-)/Deficit on Provision of Services	**0**	**75,455**	**75,455**	**-75,455**	**0**
General Fund Balance brought forward					**15,000**
General Fund Balance carried forward					**15,000**

Included within Net Expenditure in the Comprehensive Income and Expenditure Account is £496.4m payments to employees, £33.027m depreciation (see Note 4) and £0.254m amortisation (see Note 4).

2018-19 Expenditure Funding Analysis

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

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

2019-20 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	2,526	6,199	14	0	8,739
Childrens Services	0	16,187	13,241	188	0	29,617
Department of Place	0	34,078	10,868	-27	0	44,919
Revenues & Benefits	0	34	1,472	-12	0	1,494
Chief Executive	0	0	601	10	0	611
Corporate Resources (Excluding Revenues and Benefits)	0	5,393	6,866	-34	0	12,225
Non Service	0	1	-3,252	-1	0	-3,252
Central Budget & Net Transfers to Reserves	0	0		-4	0	-4
					0	
Net Cost of Services	**0**	**58,219**	**35,995**	**134**	**0**	**94,349**
Other Operating Expenditure	**0**	28,154	0	0	0	28,154
Financing and Investment income and expenditure	**0**	5,339	23,587	0	0	28,926
Taxation and non-specific grant income	**0**	-22,791	0	0	-68	-22,859
Earmarked Reserves	-25,486	0	0	0	0	-25,486
Reduction in School Delegated Balances	-4,646	0	0	0	0	-4,646
Minimum Revenue Provision	0	-18,914	0	0	0	-18,914
Direct Revenue Financing	0	-3,795	0	0	0	-3,795
Financial Instrument Adjustment Account	0	0	0	0	-275	-275
Total Adjustments between accounting basis & funding basis under regulations	**-30,132**	**46,212**	**59,582**	**134**	**-343**	**75,455**

2018-19 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	1,685	3,604	4	0	5,293
Childrens Services	0	-7,759	6,677	-1,556	0	-2,638
Department of Place	0	37,640	6,635	25	0	44,300
Revenues & Benefits	0	34	982	3	0	1,019
Chief Executive	0	0	323	-4	0	319
Corporate Resources (Excluding Revenues and Benefits)	0	4,546	4,197	-3	0	8,740
Non Service	0	0	24,474	5	0	24,479
Central Budget & Net Transfers to Reserves	0	0	0	4	0	4
Net Cost of Services	**0**	**36,146**	**46,892**	**-1,522**	**0**	**81,516**
Other Operating Expenditure	**0**	40,312	0	0	0	40,312
Financing and Investment income and expenditure	**0**	984	21,684	0	0	22,668
Taxation and non-specific grant income	**0**	-43,061	0	0	-3,958	-47,019
Earmarked Reserves	-32,192	0	0	0	0	-32,192
Reduction in School Delegated Balances	-6,726	0	0	0	0	-6,726
Minimum Revenue Provision	0	-1,000	0	0	0	-1,000
Direct Revenue Financing	0	-5,047	0	0	0	-5,047
Financial Instrument Adjustment Account	0	0	0	0	824	824
Total Adjustments between accounting basis & funding basis under regulations	**-38,918**	**28,334**	**68,576**	**-1,522**	**-3,134**	**53,336**

Note 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2018-19 or 2019-20.

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 2018-19 and 2019-20:

Trading Services Surplus (-) / Deficit

2018-19 Surplus (-) /Deficit £000		2019-20 Turnover £000	2019-20 Surplus (-) /Deficit £000
408	School & welfare catering	-16,071	1,507
109	Other catering	-285	107
1,348	Building cleaning	-363	1,731
1,865	**Total**	**16,719**	**3,345**

Trading Services Included in Net Cost of Services

2018-19 Surplus (-) /Deficit £000		2019-20 Turnover £000	2019-20 Surplus (-) /Deficit £000
-516	Markets	-2,080	-114
-4,431	Car parks	-7,043	-5,626
-106	Trade refuse	-3,144	-161
-5,053	**Total**	**-12,267**	**-5,901**

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 Income and Expenditure

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 2019-20, the Council received £0.516m income (£0.580m in 2018-19) 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 2019-20 or 2018-19.

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

Better Care Fund

	2018-19	2019-20
	£000	**£000**
Funding provided		
Bradford & Airedale Community Equipment	1,460	1,486
Care Bill Implementation support	1,417	1,417
Protect Social Services	15,218	16,326
Reablement	1,558	1,578
Carers	959	957
Capital Funding	4,196	2,297
Total LA Better Care Fund	**24,808**	**24,061**
CCG's Better Care Fund	15,246	16,185
iBCF	16,435	20,403
Total Better Care Fund funding	**56,489**	**60,649**
Total expenditure	**56,489**	**60,649**

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

The BCF agreement has been set up under Section 75 of the NHS Act 2006. The total BCF and iBCF in 2019-20 was £60.649m. It is a pooled budget with Bradford City CCG, Bradford Districts CCG and part of Airedale, Wharfedale and Craven CCG.

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

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

Note 29. Termination Benefits

In 2019-20 the Council incurred voluntary and compulsory redundancy costs of £0.701m (£1.568m in 2018-19) together with £1.200m (£1.888m in 2018-19) 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 11,128 participating employers in 2018-19, including 174 local authorities, and, consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total expected contributions into the Teachers' Pension Scheme during the year ending 31 March 2020, the Council's own contributions equate to approximately 0.22%.

In 2019-20, the Council paid £17.142m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay up to and including 31 August 2019 and 23.68% from 1 September 2019. The figures for 2018-19 were £14.472m and 16.48%. There were contributions remaining payable at the year-end of £1.622m. The contributions due to be paid in the next financial year are estimated to be £18.474m.

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 and Social Care (DoHSC). The Scheme provides the relevant employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

The scheme had 8,486 participating employers as at 31 March 2019, including 154 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 2020, the Council's own contributions equate to approximately 0.001%.

In 2019-20, the Council paid £0.147m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay. The figures for 2018-19 were £0.154m and 14.38%. There were contributions remaining payable at the year-end of £0.011m. The contributions due to be paid in the next financial year are estimated to be £0.133m.

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 2018 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 2019-20 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	
	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
• Current service cost*	66,101	83,523	0	0	0	0	66,101	83,523
• Past service costs	29,284	1,156	0	0	0	0	29,284	1,156
• Gain (-) / loss from settlements	0	0	0	0	0	0	0	0
Financing and Investment Income and Expenditure								
• Net interest expense	18,348	20,551	1,205	1,094	2,131	1,942	21,684	23,587
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	**113,733**	**105,230**	**1,205**	**1,094**	**2,131**	**1,942**	**117,069**	**108,266**
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)	-81,944	208,824	0	0	0	0	-81,944	208,824
• Actuarial gains (-) and losses arising on changes in demographic assumptions	0	-102,956	0	-3,208	0	-5,140	0	-111,304
• Actuarial gains (-) and losses arising on changes in financial assumptions	153,885	-56,963	1,258	-376	2,255	-705	157,398	-58,044
• Actuarial gains (-) and losses due to liability experience	4,479	-56,352	135	-1,610	239	-1,899	4,853	-59,861
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**190,153**	**97,783**	**2,598**	**-4,100**	**4,625**	**-5,802**	**197,376**	**87,881**
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	-113,733	-105,230	-1,205	-1,094	-2,131	-1,942	-117,069	-108,266
Actual amount charged against the General Fund balance for pensions in the year:								
• Employers' contributions payable to the scheme	**39,346**	**39,725**	**0**	**0**	**0**	**0**	**39,346**	**39,725**
• Retirement benefits payable to pensioners	**0**	**0**	**3,419**	**3,320**	**5,727**	**5,638**	**9,146**	**8,958**

* The current service cost includes an allowance for the administration expenses of £1.027m in 2019-20 (£0.872m in 2018-19).

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	
	2018-19	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Present value of the defined benefit obligation	3,015,410	2,880,613	47,215	39,795	83,711	72,271	3,146,335	2,992,679
Fair value of plan assets	2,139,364	1,946,509	0	0	0	0	2,139,364	1,946,509
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	**876,045**	**934,104**	**47,215**	**39,795**	**83,711**	**72,271**	**1,006,971**	**1,046,170**

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	
	2018-19	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Opening balance at 1 April	**2,049,007**	**2,139,364**	**0**	**0**	**0**	**0**	**2,049,007**	**2,139,364**
Interest income on assets	52,789	50,940	0	0	0	0	52,789	50,940
Re-measurement gains and losses (-) on assets	81,944	-208,824	0	0	0	0	81,944	-208,824
Contributions from employer	39,346	39,725	3,418	3,320	5,727	5,638	48,491	48,683
Contributions from employees into the scheme	13,545	13,853	0	0	0	0	13,545	13,853
Benefits paid*	-85,515	-88,549	-3,418	-3,320	-5,727	-5,638	-94,660	-97,507
Net increase in assets from disposals/acquisitions	-11,752	0	0	0	0	0	-11,752	0
Settlements	0	0	0	0	0	0	0	0
Closing balance at 31 March	**2,139,364**	**1,946,509**	**0**	**0**	**0**	**0**	**2,139,364**	**1,946,509**

* 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	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	**2,774,246**	**3,015,410**	**48,035**	**47,215**	**84,813**	**83,711**	**2,907,094**	**3,146,336**
Current service cost	66,101	83,523	0	0	0	0	66,101	83,523
Interest cost	71,137	71,491	1,205	1,094	2,131	1,942	74,473	74,527
Contributions from scheme participants	13,545	13,853	0	0	0	0	13,545	13,853
Re-measurement gains (-) and losses:								
Actuarial gains (-) and losses arising from changes in demographic assumptions	0	-102,956	0	-3,208	0	-5,140	0	-111,304
Actuarial gains (-) and losses arising from changes in financial assumptions	153,885	-56,963	1,258	-376	2,255	-705	157,398	-58,044
Actuarial gains (-) and losses due to liability experience	4,479	-56,352	135	-1,610	239	-1,899	4,853	-59,861
Past service costs	29,284	1,156	0	0	0	0	29,284	1,156
Benefits paid	-85,515	-88,549	-3,418	-3,320	-5,727	-5,638	-94,660	-97,507
Net increase in liabilities from disposals/acquisitions	-11,752	0	0	0	0	0	-11,752	0
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0
Closing balance at 31 March	**3,015,410**	**2,880,613**	**47,215**	**39,795**	**83,711**	**72,271**	**3,146,336**	**2,992,679**

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

Active Members	38%
Deferred Pensioners	17%
Pensioners	45%

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 2019	31 March 2019	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020
	£000	%	£000	%	£000	%	£000	%
	Total	Total	Quoted	Quoted	Unquoted	Unquoted	Total	Total
Equity investments	1,583,130	74.0	1,311,947	67.4	196,597	10.1	1,508,544	77.5
Government bonds	239,609	11.2	186,865	9.6	0	0.0	186,865	9.6
Other bonds	85,575	4.0	99,272	5.1	0	0.0	99,272	5.1
Cash	49,205	2.3	0	0.0	36,984	1.9	36,984	1.9
Property	100,550	4.7	36,984	1.9	50,609	2.6	87,593	4.5
Other assets	81,296	3.8	0	0.0	27,251	1.4	27,251	1.4
Total	**2,139,364**	**100.0**	**1,635,068**	**84.0**	**311,441**	**16.0**	**1,946,509**	**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 2019. 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 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020
Mortality Assumptions		years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):							
Men		22.2	21.8	22.2	21.8	22.2	21.8
Women		25.4	24.6	25.4	24.6	25.4	24.6
Longevity at 65 for future pensioners (aged 45 at accounting date):							
Men		23.2	22.5	-	-	-	-
Women		27.2	25.7	-	-	-	-
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.			-	-	-	-
Financial assumptions		% per annum		% per annum		% per annum	
Rate of RPI inflation		3.3	-	3.3	-	3.3	-
Rate of CPI Inflation		2.2	2	2.2	2	2.2	2
Rate of increase in salaries		3.45	3.25	-	-	-	-
Rate of increase in pensions		2.2	2	2.2	2	2.2	2
Discount rate		2.4	2.3	2.4	2.3	2.4	2.3

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

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	2,788,433	-3.2	2,975,673	3.3
Rate of increase in salaries - increase or decrease by 0.1%	2,886,374	0.2	2,874,852	-0.2
Rate of increase in pensions - increase or decrease by 0.1%	2,929,583	1.7	2,831,643	-1.7
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,825,881	-1.9	2,938,225	2.0

* 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 2022.

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 2021 are £38.896m.

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 2021 are £3.376m and £5.734m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 19.5 years at 31 March 2020 (17.8 years at 31 March 2019).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 8.6 years at 31 March 2020 (9.6 years at 31 March 2019) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 8.9 years at 31 March 2020 (10.0 years at 31 March 2019).

IAS 19 Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Valuation of quoted and unquoted assets were materially impacted.

The impact of Covid-19 has added additional uncertainty to the valuation of private equity investments within level 3 of the fair value hierarchy, which is challenging in normal times. Asset values are less certain as a result of increased volatility, changing domestic and industrial consumption, markets trending more favourably in the direction of digital, virtual and contactless business activities with green environmental focus. In simple terms the impact of Covid-19 resulted in a significant reduction in the number of transactions in the market up to 31 March 2020 and consequently the relevant observable data available upon which to base a valuation judgement. With regard to pooled property funds, a material valuation uncertainty clause has been included in a number of valuation reports from fund managers due to the possible impact of Covid-19.

Therefore, there is less certainty, and a higher degree of caution should be attached to our valuations of private equity and pooled property funds included in level 3 of the fair value hierarchy than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts.

Note 32. Members' Allowances

- The total cost to the Council in respect of Members' allowances in 2019-20 was £1.927m and £0.014m expenses (£1,919,772 and £11,173 expenses in 2018-19). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2019-20 was £1.787m and £0.014m expenses (£1,779,552 and £11,173 expenses in 2018-19)

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 2018-19	Employees Emoluments	Number of Employees 2019-20
117	£50,000 - £54,999	149
49	£55,000 - £59,999	65
65	£60,000 - £64,999	49
33	£65,000 - £69,999	33
24	£70,000 - £74,999	33
14	£75,000 - £79,999	13
8	£80,000 - £84,999	15
6	£85,000 - £89,999	6
10	£90,000 - £94,999	3
3	£95,000 - £99,999	9
2	£100,000 - £104,999	7
2	£105,000 - £109,999	1
1	£110,000 - £114,999	1
0	£115,000 - £119,999	1
0	£120,000 - £124,999	0
2	£125,000 - £129,999	0
0	£130,000 – £134,999	0
0	£135,000-£139,999	1
0	£140,000 - £144,999	2
0	£145,000 - £149,999	0
0	£150,000 –£154,999	1
0	£155,000-£159,999	0
0	£160,000 – £164,999	0
0	£165,000 - £169,999	0
0	£170,000 –£174,999	0
0	£175,000 - £179,999	1
336	Total	390

The above figures include 200 teachers (192 in 2018-19).

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 either:

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) A person for whom the head of the authority's paid service is directly responsible,
c) The head of staff for a relevant body which does not have a designated head of paid service; or
d) 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.

2019-20 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 Resources	B/M	146,113	0	0	0	146,113	25,570	171,683
City Solicitor	M	102,287	0	0	0	102,287	17,900	120,187
Interim Director of Finance (1)	C	1,446	0	0	0	1,446	253	1,699
Interim Director of Finance (2)	D	32,250	0	0	0	32,250	0	32,250
Director of Finance (3)	E	80,693	0	0	0	80,693	14,121	94,814
Interim Strategic Director – Children's Services (1)	F	58,900	0	0	0	58,900	0	58,900
Interim Strategic Director – Children's Services (2)	G	7,672	0	0	0	7,672	1,343	9,014
Strategic Director – Children's Services (3)	H	103,622	0	0	0	103,622	18,134	121,756
Strategic Director Health and Wellbeing		142,176	0	0	0	142,176	24,881	167,057
Strategic Director - Place		142,176	0	0	0	142,176	24,881	167,057
Director of Human Resources	I	102,287	0	0	0	102,287	17,900	120,187
Director of Public Health	J	98,497	0	0	0	98,497	14,164	112,661
Assistant Director – Office of the Chief Executive	K	87,513	0	0	0	87,513	15,315	102,828
Director of West Yorkshire Pension Fund		102,287	0	0	0	102,287	17,900	120,187

2018-19 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 Resources (restated)	B	90,834	0	0	0	90,834	15,896	106,730
City Solicitor	L	65,913	0	0	0	65,913	11,690	77,603
Interim Strategic Director – Children's Services (1)	F	61,750	0	0	0	61,750	0	61,750
Strategic Director Health and Wellbeing		138,074	0	0	0	138,074	24,163	162,237
Strategic Director - Place		138,074	0	0	0	138,074	24,163	162,237
Director of Human Resources	I	50,141	0	0	0	50,141	8,775	58,916
Director of Public Health	J	63,411	0	0	0	63,411	9,079	72,490
Assistant Director – Office of the Chief Executive	K	62,079	0	0	0	62,079	10,864	72,943
Director of West Yorkshire Pension Fund		100,281	0	0	0	100,281	17,549	117,830
Director of Finance	H	67,990	0	0	0	67,990	11,989	79,979
Interim Strategic Director Corporate Resources (Monitoring Officer)	F	45,075	0	0	0	45,075	7,747	52,822
Interim City Solicitor	I	53,193	0	0	0	53,193	0	53,193
Assistant Director Finance & Procurement (Chief Financial Officer)	H	28,270	0	0	0	28,270	4,892	33,162
Interim Director of Human Resources	E	47,354	0	0	0	47,354	9,459	56,813
Interim Director of Public Health	G	29,953	0	0	0	29,953	4,346	34,299

Senior Officers' Remuneration

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

2019-20 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
		£	£	£	£	£	£	£
Chief Executive - Kersten England	A/M	189,419	0	0	0	189,419	33,148	222,567

2018-19 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)

Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Chief Executive – Kersten England	A/M	185,705	0	0	0	185,705	32,498	218,203
Strategic Director Children's Services - Michael Jameson	D	141,676	0	35,502	0	177,178	22,780	199,958

Notes:

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

<u>Annualised Salary for 2019-20</u>

Chief Executive – Kersten England - £189,419
Strategic Director – Corporate Resources - £142,176
City Solicitor - £102,287
Interim Director of Finance (1) - £75,379
Interim Director of Finance (2) - £162,000*
Director of Finance (3) - £102,287
Interim Strategic Director – Children's Services (1) – £205,200*
Interim Strategic Director – Children's Services (2) – £102,287
Strategic Director – Children's Services (3) – £138,163
Strategic Director – Health and Wellbeing - £142,176
Strategic Director – Place - £142,176
Director of Human Resources – £102,287
Director of Public Health – £98,497
Assistant Director - Office of the Chief Executive - £87,513
Director West Yorkshire Pension Fund – £102,287
*The annualised salary for the Interim Director of Finance (2) and the Interim Strategic Director Children's Services (1) is based on the daily rates for the Interim Director of Finance (2) and the Interim Strategic Director Children's Services (1).

<u>Annualised Salary for 2018-19</u>

Chief Executive – Kersten England - £185,705
Strategic Director – Corporate Resources - £138,074
City Solicitor - £98,422
Interim Strategic Director Children's Services (1) – £205,200*
Strategic Director – Health and Wellbeing - £138,074
Strategic Director – Place - £138,074
Director of Human Resources – £100,281
Director of Public Health – £94,709
Assistant Director of the Office of the Chief Executive £83,567
Director West Yorkshire Pension Fund – £100,281
Director of Public Health – £94,709

Director of Finance - £96,566
Interim Strategic Director – Corporate Resources - £135,454
Interim City Solicitor* - £144,703
Assistant Director Finance & Procurement (Chief Financial Officer) – £95,990
Interim Director of Public Health - £94,000

B. The Strategic Director Corporate Resources was in post from 6th August 2018 and also took additional responsibility as Acting Chief Executive on 22nd March 2019 until 31st May 2019 to cover for the absence of the Chief Executive and received an honorarium.
C. Interim Director of Finance (1) was in post from 1st April 2019 to 7th April 2019 as the previous Director of Finance left on 31st March 2019.
D. Interim Director of Finance (2) was in post from 8th April 2019 to 16th June 2019. The Interim Director of Finance (2) is compliant with the HMRC requirement of IR35.
E. Director of Finance (3) was in post from 17th June 2019.
F. The Interim Strategic Director Children's Services (1) was in post from 19th November 2018 until 31st May 2019. The Interim Strategic Director Children's Services (1) returned for the Ofsted visit and was in post from 10th June 2019 to 12th June 2019. The Interim Strategic Director Children's Services is compliant with the HMRC requirement of IR35.
G. The Interim Strategic Director Children's Services (2) was in post from 1st June 2019 to 30th June 2019 excluding 10th June 2019 to 12th June 2019 when the Interim Strategic Director Children's Services (1) returned for the Ofsted visit.
H. The Strategic Director Children's Services (3) was in post from 1st July 2019.
I. The Director of Human Resources was in post from 1st October 2018.
J. The Director of Public Health was appointed to the post on the 1st August 2018.
K. The Assistant Director - Office of the Chief Executive was appointed to the post on 3rd September 2018.
L. The City Solicitor returned to the post on 4th August 2018 having been the Interim Strategic Director – Corporate Resources from 29th January 2018 until 3rd August 2018.
M. The European election was held on 23rd May 2019 and a UK parliamentary general election was held on 12th December 2019. The following amounts were paid in 2019-20 for election duties and are not included in salaries. No payments were made during 2018-19 for election duties.

2019-20 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	16,849	16,849	2,948	19,797
Strategic Director Corporate Resources	4,209	4,209	737	4,946
City Solicitor	10,027	10,027	1,755	11,782

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 2018-19	**Cost to Council 2018-19**	**Cost Bandings**	**Number of Exit Packages 2019-20**	**Cost to Council 2019-20**
	£			**£**
23	141,883	£0 - £19,999	3	30,465
2	50,906	£20,000 - £39,999	1	39,773
0	0	£40,000 - £59,999	0	0
1	60,525	£60,000 - £79,999	1	62,323
1	89,169	£80,000 - £99,999	0	0
0	0	£100,000 - £149,999	0	0
0	0	£150,000 - £199,999	0	0
0	0	£200,000 - £249,999	0	0
27	**342,483**	**Total**	**5**	**132,561**

Other Departures				
Number of Exit Packages 2018-19	**Cost to Council 2018-19**	**Cost Bandings**	**Number of Exit Packages 2019-20**	**Cost to Council 2019-20**
	£			**£**
112	843,946	£0 - £19,999	54	404,494
20	539,309	£20,000 - £39,999	11	283,941
8	403,665	£40,000 - £59,999	6	282,264
5	356,237	£60,000 - £79,999	6	416,927
3	263,655	£80,000 - £99,999	5	438,852
1	100,430	£100,000 - £149,999	1	118,278
0	0	£150,000 - £199,999	0	0
0	0	£200,000 - £249,999	0	0
149	**2,507,242**	**Total**	**83**	**1,944,756**

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 2019-20 is £18.913m, comprising a 2019-20 charge of £23.985m, less an estimated overprovision of £5.072m (2018-19 £1m).

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

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £3.796m in 2019-20 (£5.047m in 2018-19) 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 £28.204m in 2019-20 is made up of £31.457m from the de-recognition of assets and £3.253m in capital receipts. There was a loss on disposal in 2019-20 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 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 2019	Finance Leases as Lessee	31 March 2020
£000		£000
24	Other land and Buildings	0
631	Vehicles, Plant, Furniture and Equipment	1,309
655	**Total**	**1,309**

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 2019	**Finance Lease liabilities** (net present value of minimum lease payments)	31 March 2020
£000		£000
187	Current	302
350	Non-current	908
32	Finance costs payable in future years	35
569	**Total Minimum Lease Payments**	**1,245**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000
Not later than one year	204	316	187	302
Later than one year and not later than five years	365	929	350	908
Later than five years	0	0	0	0
	569	**1,245**	**537**	**1,210**

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.

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 2019-20 was £1.284m (£1.2m 2018-19).

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

31 March 2019		31 March 2020
£000		£000
922	Not later than one year	819
1,863	Later than one year and not later than five years	1,768
2,353	Later than five years	2,053
5,138	**Total**	**4,640**

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 2019 £000	Finance lease debtor (net present value of minimum lease payments)	31 March 2020 £000
0	Current	0
210	Non-current	210
2,546	Unearned finance income	2,520
2,756	**Gross Investment in the Lease**	**2,730**

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 2019	**31 March 2020**	**31 March 2019**	**31 March 2020**
	£000	**£000**	**£000**	**£000**
Not later than one year	26	26	26	26
Later than one year and not later than five years	105	105	105	105
Later than five years	2,625	2,599	2,625	2,599
	2,756	**2,730**	**2,756**	**2,730**

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 2019 £000		31 March 2020 £000
3,555	Not later than one year	3,748
8,157	Later than one year and not later than five years	9,846
64,295	Later than five years	60,766
76,007	**Total**	**74,360**

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 2019-20 £0.450m contingent rents were receivable by the Council (2018-19 £0.494m).

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.

2018-19 £000	BSF Private Financing Initiative	2019-20 £000
	Charges to Net Cost of Services	
5,323	Unitary Payments to the Contractor for services provided	4,573
5,323	**Total charges to the revenue account**	**4,573**
	Net Operating Expenditure	
5,834	Interest element of finance lease payments	5,742
	Movement in Reserves Statement	
2,502	Capital element of finance lease	2,738
13,659	**Total PFI charges**	**13,053**
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,860	Education	4,389
0	Council and Schools contribution	0
13,865	**Total Financing**	**13,394**
206	**Transfer to BSF PFI Reserve**	**341**

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

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2020 are as follows:

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 year	12.396	2,771	5,563	4,062
2-5	50,977	12,436	18,608	19,933
6-10	67,125	23,281	17,323	26,521
11-15	47,802	22,554	6,148	19,100
Total	**178,300**	**61,042**	**47,642**	**69,616**

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:

2018-19 £000	Analysis of Outstanding Liability for BSF Phase 1	2019-20 £000
66,282	**Balance outstanding at 31 March**	**63,780**
-2,502	Payments during the year	-2,738
63,780	**Balance outstanding at year end**	**61,042**

The closing value of assets held under the scheme at 31 March 2020 was £21.804m (£22.208m 31 March 2019) 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 2020 were £61.042m (£63.78m at 31 March 2019). The decrease of £2.738m 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.

2018-19 £000	BSF Private Financing Initiative	2019-20 £000
	Charges to the Revenue Account	
9,876	Unitary Payments to the Contractor for services provided	10,420
9,876	**Total charges to the revenue account**	**10,420**
	Net Operating Expenditure	
11,649	Interest element of finance lease payments	11,236
	Statement of Movement on the General Fund Balance	
5,727	Capital element of finance lease	4,984
27,252	**Total PFI charges**	**26,640**
	Financed By	
18,297	Government PFI Revenue Grant	18,297
9,208	Education	8,628
0	Council and Schools contribution	0
27,505	**Total Financing**	**26,925**
253	**Transfer to BSF PFI Reserve**	**285**

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

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 yr	25,890	4,970	10,898	10,022
2-5	106,288	21,504	42,542	42,242
6-10	139,536	31,366	49,559	58,611
11-15	147,860	35,338	41,112	71,410
16-20	29,301	7,520	7,070	14,711
Total	**448,875**	**100,698**	**151,181**	**196,996**

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

2018-19 £000	Analysis of Outstanding Liability for BSF Phase 2	2019-20 £000
111,409	**Balance outstanding at 31 March**	**105,682**
-5,727	Payments during the year	-4,984
	Capital Expenditure incurred in the year	
105,682	**Balance outstanding at year end**	**100,698**

The closing value of assets held under the scheme at 31 March 2020 was £24.698m (£25.200m 31 March 2019) 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 2020 were £100.698m (£105.682m 31 March 2019).

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 £46.502m, per Note 9 page 40 and the total liabilities are £161.740m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £115.238m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 18, by £115.238m.

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:

2018-19 £000		2019-20 £000
	Capital Expenditure and Capital Financing Requirement	
669,454	**Opening Capital Financing Requirement**	**700,124**
	Capital investment	
67,335	Property, Plant and Equipment	57,390
0	Aborted cost on prior year capital expenditure	0
78	Investment properties	6,555
75	Intangible Assets	218
0	Heritage Assets	0
0	Asset Held for Sale	0
16,664	Revenue Expenditure funded from Capital under statute	16,456
191	Capital loans	0
	Sources of Finance	
-4,755	Capital Receipts Applied	-2,055
-42,871	Government grants and other contributions	-45,278
-5,047	Sums set aside from revenue	-3,796
0	Donated assets	0
-4,576	Repayment of Principal on PFI and Other Finance Leases	-4,524
-19,923	MRP/loans fund principal	-19,304
23,663	Revision to estimated provision for amounts set aside	5,072
-164	Payments of Principal on Long-Term Liabilities	-157
700,124	**Closing Capital Financing Requirement**	**710,701**
	Explanation of movements in year	
30,321	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	9,690
349	Assets acquired under finance leases	887
0	Assets acquired under PFI contracts	0
30,670	**Increase/ (decrease) in Capital Financing Requirement**	**10,577**

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

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

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £16.456m (£16.664m in 2018-19). Grants of £14.123m funded this in year REFCUS expenditure (£13.482m in 2018-19), including £5.35 m transferred from the Capital Grants Unapplied reserve (£3.469m in 2018-19).

Note 39. Other Long Term Liabilities

The total deferred liabilities at 31 March 2020 are £1,205,044m compared to a total of £1,173.162m at 31 March 2019. The main liability is in respect of the actuarially calculated pension liability which is £39.199m higher at 31 March 2020 when compared to 31 March 2019.

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 2020 was £161.740m (£169.462m at 31 March 2019), of which £153.999m is a deferred liability and £7.741m a creditor in respect of the 2019-20 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 2020 was £3.469m (£3.614m at 31 March 2019).

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.

2018-19 £000	Other Long Term Liabilities	2019-20 £000
1,006,971	Pension Liability	1,046,170
	BSF	
61,042	Phase 1	58,271
100,698	Phase 2	95,728
3,614	Waste Management Joint Committee Debt	3,469
837	Other	1,406
1,173,162		1,205,044

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £153.999m. As with all the Long-Term liabilities and current liabilities, the liability of £153.999m 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 82. 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 2019-20.

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 2019-20 financial year was the fourth 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 74% share of Business Rates in 2019-20, 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 19).

Members

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

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

Members of the Council have direct control over the Council's financial and operating policies. The Members' Allowances Note 32 can be viewed on p65. 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 2019-20, material transactions totalling approximately £0.120m net expenditure took place with such organisations. £3.399m of income from related parties (of which £2.914m is still outstanding) has been netted off £3.519m of expenditure on related parties (£0.238m of which 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 2020 was valued at £14.08m (£14.08m 31st March 2019), and has an original cost of £4.9m. The Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc, for which he is paid a fee (this is relevant to the Pension Fund Accounts).

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2019-20 it charged the Fund £0.454m in respect of support services provided (£0.451m in 2018-19). 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:

2018-19 £000	**Other Public Bodies**	**2019-20 £000**
	Payment of precepts	
8,802	West Yorkshire Fire and Rescue Authority	9,185
22,870	Police and Crime Commissioner West Yorkshire	26,584
1,971	Parish Councils	2,204
*24,687	Payments to joint committees, joint services and other bodies	23,924
4	Parish Councils (running expenses and allotment grants)	16

*Includes a revenue contribution of £22.712m to the Transport Committee of the West Yorkshire Combined Authority. In addition, the Council received a £9.223m capital grant payment from the same Committee.

Subsidiary and Associated Companies

The Council had financial relationships in 2019-20 with the following companies. Their assets and liabilities are not included in the Council's accounts due to materiality.

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

CBMDC Building Schools for the Future Ltd, (6015434) is a private limited company and a wholly owned subsidiary of Bradford Council. It was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin Co One Ltd (5797779). The outstanding balance as at 31 March 2020 was £76,400 (31 March 2019 £78,300).

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 started to trade during 2019/20.

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. The governing body of the University of Bradford and DHEZ Ltd Directors have made the decision to allow a soluble liquidation of the company by releasing DHEZ Ltd from its responsibilities to repay the outstanding loan and interest charged thereon.

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 2019-20 the Council received a £56,000 interim dividend from the 10% investment in Integrated Bradford LEP Ltd (£0 2018-19).

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 2018-19) Joint Arrangements. One of these is the Yorkshire Purchasing Organisation.

The remaining 7 Joint Arrangements are known collectively as the West Yorkshire Joint Services Committee. Individually these comprise: West Yorkshire Archaeology Advisory Service, Archaeological Service, West Yorkshire Archive Service, West Yorkshire Ecology, West Yorkshire Materials Testing Service, West Yorkshire Public Analyst and West Yorkshire Trading Standards. In 2019-20 the Council included its contribution of £0.848m to these arrangements (£0.817m in 2018-19) 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:

2018-19 £000	External Audit Costs	2019-20 £000
143	External audit services	143
9	Certification of grant claims and returns	9
37	West Yorkshire Pension Fund	63
0	Fees for other services	0
189	**Total**	**215**

The audit fee for the West Yorkshire Pension Fund is included in Note 42 for completeness but also set out in the Pension Fund disclosure notes below. It includes £23,000 in relation to work on assuring IAS19 accounting results, which is recharged by the WYPF to employer bodies.

Note 43. Dedicated Schools Grant (DSG)

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

Bradford was allocated £536.462m for financial year 2019/20, see the table below:

Dedicated Schools Grant	**2018-19**	**2018-19**	**2018-19**	**2019-20**	**2019-20**	**2019-20**
	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	529,569			536,462		
Academy Recoupment	-246,804			-271,118		
Total DSG after Academy Recoupment	**282,765**			**265,344**		
Plus DSG b/f from previous year	11,364			16,278		
DSG carry forward to following year agreed in advance	-4,794			-11,270		
Agreed Budget Distribution	**289,335**	**17,400**	**271,935**	**270,352**	**23,673**	**246,679**
In Year Adjustments	0	0	0	-78	0	-78
Final Budgeted Distribution	**289,335**	**17,400**	**271,935**	**270,274**	**23,673**	**246,601**
Less Actual ISB deployed to schools	256,633	0	260,602	238,775	0	238,668
Less Actual Central Expenditure	20,462	17,249	0	20,777	20,889	0
Carry Forward	**11,484**	**151**	**11,333**	**10,717**	**2,784**	**7,933**
Carry Forward agreed in Advance	**4,794**	0	4,794	11,270	0	11,270
Total Carry Forward	**16,278**	151	16,127	**21,987**	2,784	19,203

* The DSG after Academy Recoupment of £265.344m is the same as is shown in the grants Note 45, page 82.

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

Note 44. Contingent Liabilities and Assets

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

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

Prior to 1992, the Council's public liability and employers liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement. A court ruling in relation to employers liability for occupational disease claims such as asbestosis has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. An additional levy was triggered for a further 10% on 1 April 2018, for which a provision was set aside as at 31 March 2019 (Please see Provisions, Note 20, p49).

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

Search Fees

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

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

Compensation Claim

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

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

Note 45. Grant Income

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

The Council credited the following grants, and donations, to the Comprehensive Income and Expenditure Statement in 2019-20:

	2018-19 £000	2019-20 £000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	282,882	265,344
Rent Allowance Subsidy	153,731	126,409
Public Health	41,826	40,722
Pupil Premium	16,045	14,279
PFI Revenue Support	27,301	27,301
Education and Schools	28,528	27,077
Social Care Support	0	3,924
NHS Adult Social Care	35,467	37,687
Independent Living Fund	1,936	4,258
Revenue Expenditure Funded from Capital under Statute (REFCUS)	10,013	8,773
Council Tax reduction & housing benefits administration	3,158	2,575
Covid-19 Support	0	15,757
Miscellaneous under £500k	2,774	3,328
Safer Communities	2,977	3,593
Troubled Families	2,280	2,824
Integration Area Programme	2,702	
Contribution to cost of Business Rates collection	728	728
Youth Training	1,531	1,908
European Union	255	1,162
Adoption Grant	42	89
Local Reform & Community Voices	323	329
Asylum seekers accommodation and resettlement	1,164	1,269
Controlling migration	747	
Arts, Heritage & Leisure	211	73
Total	**616,621**	**589,409**
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	0	0
Top Up Grant	46,454	67,062
New Homes Bonus Grant	5,664	4,887
Small Business Rates and other Section 31 grants including National Levy surplus	23,338	54,441
Local Services Support Grant	667	839
Total	**76,123**	**127,229**

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:

	2018-19 £000	2019-20 £000
Capital Grants Receipts in Advance		
Developer's contributions	11,611	15,374
Total (See Balance Sheet p18)	**11,611**	**15,374**

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 £0.435m on Property, Plant and Equipment in the Surplus or Deficit on the Provision of Services. This relates to properties purchased as part of a Highways junction improvement scheme with the plan to demolish them to allow the construction of a new road.

Note 47. Financial Instruments

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

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

Types of Financial Instruments

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

	Long-term		Current	
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000
Financial assets at amortised costs				
Investments (Principal amount)	0	0	29,400	18,995
Investments Accrued Interest	0	0	66	58
Cash & Cash Equivalents	0	0	52,529	96,361
Equity Investments	1	1	0	0
Total Investments	**1**	**1**	**81,995**	**115,414**
Debtors				
Loans and receivables	2,304	1,924	20	0
Financial assets carried at contract amounts	0	0	39,097	46,527
Total Debtors	**2,304**	**1,924**	**39,117**	**46,527**
Financial liabilities at amortised cost				
Loans (Principal amount)	300,995	340,028	28,377	17,663
Accrued Interest	0	0	3,481	3,496
Total Borrowings	**300,995**	**340,028**	**31,858**	**21,159**
Other long term liabilities				
PFI and finance lease liabilities	162,090	154,907	7,909	8,043
Total other long term liabilities	**162,090**	**154,907**	**7,909**	**8,043**
Creditors				
Financial liabilities carried at contract amounts	0	0	40,641	40,343
Total creditors	0	0	**40,641**	**40,343**

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 in terest 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:

2018-19 Carrying amount £000	2018-19 Fair value £000	Fair value of liabilities carried at amortised cost at 31 March	2019-20 Carrying amount £000	2019-20 Fair value £000
275,801	373,469	PWLB Loans	299,667	373,332
37,825	55,858	LOBO's	37,810	54,922
400	400	Other loans	10,400	10,400

3,481	3,481	Short term borrowing	3,496	3,496
11,088	11,088	Cash overdrawn	5,696	5,696
3,923	5,776	Other local authorities re joint services	3,766	5,476
335	335	Other	352	352
169,999	169,999	PFI and finance lease liabilities	162,950	162,950
40,641	40,641	Financial liabilities at contracted amounts	40,343	40,343
543,493	**661,047**	**Total Liabilities**	**564,480**	**656,967**

The fair value of borrowings is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) 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 2019-20 the fair value would be calculated as £504.051m.

2018-19 Carrying amount	2018-19 Fair value	Fair value of assets carried at amortised cost at 31 March	2019-20 Carrying amount	2019-20 Fair value
£000	**£000**		**£000**	**£000**
29,454	29,454	Investments	19,050	19,050
52,541	52,541	Investments – cash and cash equivalents	96,364	96,364
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
2,324	2,426	Debtors – loans and receivables	1,924	1,924
39,097	39,097	Financial assets at contracted amounts	46,527	46,527
123,417	**123,519**	**Total Financial Assets**	**163,866**	**163,866**

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

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

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

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

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

Gains and losses on financial instruments

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

2018-19 £000	Recognised gains and losses	2019-20 £000
	Recognised in the Comprehensive Income and Expenditure Statement	
	Financial assets: measured at amortised cost	
-1,240	Interest income	-1,294
-1,240	**Total income in surplus or deficit on the provision of services**	**-1,294**
	Financial Liabilities measured at amortised cost	
17,257	Interest payable	17,158
17,515	Interest Payable on PFI and Finance leases	17,010
	Recognised in Other Comprehensive Income and Expenditure	**34,168**
34,772	**Total expense in surplus or deficit on the provision of services**	

Nature and extent of risks arising from financial instruments

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

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

Overall procedures for managing risks

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

The annual Treasury Management Strategy which incorporates prudential indicators was reviewed by Governance & Audit Committee on 14 March 2019 and approved by Council on 19 March 2019 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 AA: 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 – temporary no maximum limit due to the coronavirus.

The full Investment Strategy for 2019-20 was approved by Full Council on 19 March 2019 and is available on the Council's website.

Amounts arising from expected credit losses

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

At the year end the Council held investments of £115.4m, made up of £19.050m Investments and £96.364m 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 2020 that any losses were likely to crystallise. The Council has not suffered any historical experience of default on any deposits with financial institutions, and does not expect to suffer any defaults on any of its existing deposits and therefore there is no requirement for any impairment of financial assets to be made.

We have assessed the Council's short term and long term investments and concluded that the expected credit loss is not material therefore no allowance has been made. The historical experience of default is 0.003% and the estimated expected credit loss £1,700, see table below.

	31 March 2020 Principal £000	Lowest Credit rating	Historical experience of default %	Estimated maximum exposure to default £000
DBS Bank	2,000	AA-	0.006%	0.113
DBS Bank	1,000	AA-	0.007%	0.075
Landesbank Hessen	6,000	A	0.018%	1.103
Oversea Chinese Banking Corporation Ltd	5,000	AA-	0.008%	0.406
Treasury Bill	4,995	AA-	0.011%	0
DMO	20,000	AA-	0.000%	0
DMO	20,000	AA-	0.001%	0
DMO	13,800	AA-	0.001%	0
Santander UK Plc	5,300	A	0.000%	0.008
National Westminster Bank Plc (RFB)	17,000	A	0.000%	0.027
Investments Principals	**95,095**		**0.003%**	**1.732**

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

Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. A bad debt provision has been included in the accounts, to take account of the risk of non-payment (see note 18). As at 31 March 2020, the Council had a balance owing from its customers (mainly service and rent) of £46.527m (£39.097m 31 March 2019). The exposure to default has been assessed and is reflected in a bad debt (or impairment) provision of £10.911m.

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 2019 £000	Total Borrowing	31 March 2020 £000
	Source of loan and interest rate range :	
275,801	Public Works Loan Board (3.7% to 10%)	299,667
37,825	Commercial Banks (3.2% to 4.5%)	37,810

400	Other	10,400
314,026		**347,877**
	Analysis of loans:	
	Short Term Borrowing	
17,132	Maturing in less than 1year	**11,816**
	Long Term Borrowing	
29,321	Maturing in 2 - 5 years	37,231
59,060	Maturing in 5 - 10 years	59,264
51,887	Maturing in 10 - 15 years	53,456
156,626	Maturing in more than 15 years	186,110
296,894	**Total Long Term Borrowing**	**336,061**
314,026	**Total Borrowing**	**347,877**

The total borrowing shown on the Balance Sheet, page 18, of £351.373m, calculated by adding together short term (£15.312m) and long term borrowing (£336.061m), includes accrued interest of £3.496m, 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 2020 with all other variables held constant, the financial effect would be:

31 March 2019 £000	**Effect of 1% increase in interest rates**	**31 March 2020 £000**
0	Increase in interest payable on variable rate borrowings	0
-420	Increase in interest receivable on variable rate investments	-406
0	Increase in government grant receivable for financing costs	0
-420	**Impact on Surplus or Deficit on the Provision of Services**	**-406**

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

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

Price Risk

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

Foreign Exchange Risk

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

Note 48. Trust Funds and Custodial Money

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

£18,059 (£17,848 at 31 March 2019) is also held on behalf of clients who are in residential care. The assets shown below are not owned by the Council and are not included in the Balance Sheet.

Balance 31 March 2019	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2019-20	Income 2019-20	Balance 31 March 2020
£		£	£	£
638,405	The Charles Semon Educational Foundation	0	20,555	658,960
933,712	Bradford area	13,595	25,948	946,065
494,049	Keighley area	1,180	30,695	523,564
8,752	Housing charities	2,445	76	6,383
332,870	Charities for the Blind	0	11,826	344,696
2,407,788		**17,220**	**89,100**	**2,479,668**

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2020 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 2019-20	Balance at 31 March 2020
		£	£
The Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	20,555	658,959
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	29,626	509,894
Royd House Trust Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	7,018	152,064
The Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	4,720	223,000
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	2,653	66,409

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.

2018-19 £000 Council Tax	2018-19 £000 Business Rates	2018-19 £000 Total	Collection Fund Statement	2019-20 £000 Council Tax	2019-20 £000 Business Rates	2019-20 £000 Total	
			Income				
-224,265	0	-224,265	Due from Council Tax payers (excluding benefits)	-236,534	0	-236,534	*Note 1*
32	0	32	Due in respect of Council Tax benefits	6	0	6	
0	-145,841	-145,841	Due from Business Rate payers	0	-141,101	-141,101	*Note 2*
-224,233	**-145,841**	**-370,074**	**Total Income**	**-236,528**	**-141,101**	**-377,629**	
			Expenditure				
			Precepts:				
187,113	0	187,113	Bradford Council	195,251	0	195,251	
8,802	0	8,802	West Yorkshire Fire and Rescue Authority	9,185	0	9,185	
22,870	0	22,870	Police & Crime Commissioner for West Yorkshire	26,584	0	26,584	
			Business Rates:				
	-691	-691	Payment to Central Government		31,176	31,176	
	1,273	1,273	Payment to West Yorkshire Fire and Rescue Authority		1,288	1,288	
	126,693	126,693	Payment to Bradford Council		96,316	96,316	
	728	728	Costs of Collection		728	728	
	1,860	1,860	Transitional Protection Payments		1,621	1,621	
3,359	2,296	5,655	Write-offs of Uncollectable Amounts	3,188	2,118	5,306	
	3,140	3,140	Settlement of Appeals		1,009	1,009	
1,343	-1,554	-211	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	2,588	2,415	5,003	*Note 3*
0	8,448	8,448	Contribution to / from (-) Provision for Losses on Appeals	0	2,698	2,698	*Note 4*
			Distribution of Collection Fund Surplus/Repayment of Deficit:	0		0	
-400	0	-400	Bradford Council	-33		-33	
-19	0	-19	West Yorkshire Fire and Rescue Authority	-2		-2	
-48	0	-48	Police & Crime Commissioner for West Yorkshire	-4		-4	
			Central Government				
223,020	**142,193**	**365,213**	**Total Expenditure**	**236,757**	**139,369**	**376,126**	
-1,213	**-3,648**	**-4,861**	**Net movement (surplus (-)/deficit) in the fund balance**	**228**	**-1,732**	**-1,503**	*Note 5*
			Movements on the Collection Fund Balance				
1,140	**3,735**	**4,875**	**Balance at beginning of year**	**-73**	**88**	**15**	
-1,037	-3,612	-4,649	Bradford's share of surplus (-) /deficit for the year	193	-1,089	-896	*Note 5*
-176	-36	-212	Preceptors' share of surplus (-) /deficit for the year	35	1	36	*Note 5*
0	0	0	Central Government's share of surplus (-) /deficit for the year	0	1,176	1,176	*Note 5*
-73	**87**	**14**	**Balance at end of year**	**155**	**-1,644**	**-1,489**	
			Allocated to:				
-62	-1,089	-1,151	Bradford Council	131	-1,351	-1,220	
-8	1	-7	West Yorkshire Fire and Rescue Authority	18	-17	1	
-3	0	-3	Police & Crime Commissioner for West Yorkshire	6	0	6	
0	1,176	1,176	Central Government	0	-276	-276	
-73	**88**	**15**		**155**	**-1,644**	**-1,489**	

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 £1,624.61 in 2019-20 (£1,558.88 in 2018-19) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2019-20 was 142,200 (140,348 in 2018-19). The tax base for 2019-20 was approved at the Executive meeting on 8 January 2019 and was calculated as follows:

2018-19 Band D Equivalent		**Band**	**2019-20 Number of chargeable dwellings**	**Multiplier**	**2019-20 Band D Equivalent**
53		A*	95	5/9	53
41,174		A	62,381	6/9	41,587
28,626		B	37,273	7/9	28,990
29,968		C	34,186	8/9	30,387
15,964		D	16,119	9/9	16,119
14,091		E	11,642	11/9	14,229
7,948		F	5,545	13/9	8,010
5,727		G	3,452	15/9	5,752
491		H	247	18/9	494
144,042	Total Band D equivalent				145,621
-3,694	Adjustment for estimated losses on collection				-3,421
140,348	**Council Tax Base**				**142,200**

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 49.1p (48.0p in 2018-19) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 0.504p (49.3p in 2018-19) 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 74% of the total Business Rates received. Of the remainder, 25% is paid to Central Government and 1% is paid to West Yorkshire Fire and Rescue Authority (WYFRA).

The business rates shares payable for 2019-20 were estimated before the start of the financial year as £1.294m to WYFRA and £95.762m to Bradford Council. These sums have been paid in 2019-20 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2019-20 was £141.101m (£145.841m in 2018-19). This sum includes £1.621m 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 £391,114,254 for 2019-20 (£388,902,510 for 2018-19).

Note 3. Provision for Council Tax and Business Bad Debts

In 2019-20, the total provision for Council Tax bad debts was increased by £2.588m, from £13.850m to £16.438m. 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 2019-20, the total provision for Business Rates bad debts was increased by £2.414m, from £2.358m to £4.774m. Of the final balance, 74% is to cover Business Rates owed to the Council. The remaining 26% is to cover amounts owed to West Yorkshire Fire and Rescue Authority (1%) and amounts owed to Central Government (25%).

Note 4. Provision for Losses on Appeals

Within the 2019-20 Business Rate Pool, the Council shares 99% of the risks and rewards of the income from Business Rates. The Council could potentially receive a shortfall in income from changes in the valuations of commercial premises, following appeals to the Valuation Agency. In 2019-20, the full provision for losses on outstanding appeals was increased by £1.689m, from £20.574m at 31 March 2019 to £22.263m at 31 March 2020. The Council's 74% share of the £22.263m provision was £16.475m.

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 £1.489m arose in 2019-20 (£0.015m deficit in 2018-19), of which the Council's share was a surplus of £1.220m (£1.151m surplus in 2018-19) and the preceptors share a surplus of £0.269m (£1.166m deficit in 2018-19).

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.

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

Report on the financial statements

Opinion on the financial statements of West Yorkshire Pension Fund

We have audited the financial statements of West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of West Yorkshire Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

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

Conclusions relating to going concern

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

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

Material uncertainty relating to valuation of unquoted investments within level 3 of the fair value hierarchy

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund investments classified within level 3 of the fair value hierarchy at 31 March 2020. As disclosed in Note 4 of the financial statements, the outbreak of Covid-19 has resulted in additional uncertainty with regard to level 3 private equity and pooled property funds. As such, a material valuation uncertainty clause has been included in some valuation reports as a result of the impact of Covid-19. There is, therefore, less certainty and a higher degree of caution should be attached to the valuations of level 3 private equity and pooled property funds than would normally be the case. Our opinion is not modified in respect of this matter.

Other information

The Director of Finance and IT 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 Director of Finance and IT for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance and IT is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance and IT is also responsible for such internal control as the Director of Finance and IT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and IT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance and IT is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We have nothing to report in these respects.

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

Cameron Waddell
For and on behalf of Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

11 December 2020

West Yorkshire Pension Fund

2018-19 £000	Fund account for the year ended 31 March 2020	2019-20 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
416,949	Contributions receivable	441,973	*6*
26,491	Transfers in	50,705	*7*
21,938	Non-statutory pensions and pensions increases recharged	21,671	*8*
465,378		**514,349**	
-506,461	Benefits payable	-553,082	*9*
-21,938	Non-statutory pensions and pensions increases	-21,671	*8*
-40,445	Payments to and on account of leavers	-37,250	*10*
-568,844		**-612,003**	
-103,466	**Net additions/(withdrawals) from dealing with members**	**-97,654**	
-10,006	Management expenses	-12,306	*13*
-113,472	**Net additions/(withdrawals) including management expenses**	**-109,960**	
	Returns on investments		
438,585	Investment income	464,284	*15*
-8,236	Taxes on income	-8,719	*15a*
476,252	Profit and losses (-)on disposal of and changes in value of investments	-1,497,058	*17*
3,279	Stock lending	2,710	*17c*
909,880	**Net return on investments**	**-1,038,783**	
796,408	**Net Increase (decrease) in the net assets available for benefits during the year**	**-1,148,743**	
13,566,633	**Opening net assets of the scheme**	**14,363,041**	
14,363,041	**Closing net assets of the scheme**	**13,214,298**	

2019 £000	Net assets statement at 31 March 2020	2020 £000	Note
	Investment assets		
261	Northern LGPS assets	32,579	*17*
1,512,233	Bonds	1,387,188	*17*
10,415,004	Equities (including convertible shares)	9,499,515	*17*
679,524	Index-linked securities	736,119	*17*
1,387,123	Pooled investment vehicles	1,214,360	*17*
7,250	Direct Property	6,675	*17*
269,242	Cash deposits	254,625	*17*
25,261	Cash at bank	46,842	*17*
48,560	Other investment balances	53,918	*17*
	Investments liabilities		
-15,356	Other investment balances	-51,239	*17*
14,329,102	**Investments at 31 March**	**13,180,582**	
	Current assets		
51,814	Debtors	54,197	*20*
	Current liabilities		
-17,875	Creditors	-20,481	*21*
33,939	**Net current assets and liabilities**	**33,716**	
14,363,041	**Net assets of the scheme available to fund pension benefits**	**13,214,298**	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2020. 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.

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

The scheme is governed by the Public Service Pensions Act 2013.
The Fund is administered in accordance with the following secondary legislation:

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

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

Participating employers – There were 451 participating employers at 31st March 2020 (430 employers as at 31st March 2019) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2020 is 294,447 (31st March 2019 is 291,514).

At 31 March 2019	Profile of membership	At 31 March 2020
100,060	Active members	100,281
91,377	Pensioner members	96,717
100,077	Members with preserved pensions	97,449
291,514	**Total members**	**294,447**

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

West Yorkshire Pension Fund
Statement of the Actuary for the year ended 31 March 2020

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 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £ 14,363.0M) covering 106% 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 2020 was:

   - 18.0% 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
   - an allowance of 0.9% of pay for McCloud and cost management — see paragraph 9 below,

   Less
   - 2.3% of pensionable pay 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 2020 (which together with the allowance above comprises the secondary rate).

3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 31 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

   Total contributions payable by all employers over the three years to 31 March 2023 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	16.3	3.4
2021	16.5	2.4
2022	16.6	1.9

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 relation to the calculation of the primary contribution rate, stepping of contribution increases and individual employers' recovery periods as agreed with the Administering Authority and set out 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 financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled and Subsumption body funding target *	4.35% p.a.
Intermediate funding targets*	
· Low risk scheduled bodies	4.10% p.a.
· Low risk admission bodies and medium risk scheduled bodies	3.95% p.a.
· Medium risk admission bodies and higher risk scheduled bodies	3.80% p.a.
Ongoing Orphan funding target	3.30% p.a.

Discount rate for periods after leaving service	
Scheduled and Subsumption body funding target *	4.35% p.a.
Intermediate funding targets*	
· Low risk scheduled bodies	4.10% p.a.
· Low risk admission bodies and medium risk scheduled bodies	3.95% p.a.
· Medium risk admission bodies and higher risk scheduled bodies	3.80% p.a.
Ongoing Orphan funding target	1.60% p.a

Rate of pay increases	3.35% p.a.
Rate of increase to pension accounts	2.10% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.10% p.a.

* *The Scheduled and Subsumption body and intermediate funding target discount rate as appropriate was also used for employers whose liabilities will be subsumed after exit by an employer subject to that funding target.*

In addition, the discount rate for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and employer has exited the Fund) was 1.3% p.a.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, 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) S2N mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic HorizonsTM longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CM12018), with a Sk of 7.5, Adjustment Parameter of 0.00 and long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.8	24.5
Current active members aged 45 at the valuation date	22.4	25.6

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 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date, although we comment on changes in market conditions to 31 March 2020 in paragraph 10 below.

8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 31 March 2020. 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 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

9. There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

- **Increases to GMPs:**
  The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. However, the Government is still exploring various options, including conversion of GMPs to Scheme benefits, in order to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case.

  The results of the 2019 valuation do not allow for the impact of potentially extending this interim solution indefinitely, providing full pension increases on GMPs for members reaching State Pension Age after 5 April 2021 nor for conversion of GMPs to Scheme benefits. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

- **Cost Management Process and McCloud judgement:**
  Initial results from the Scheme Advisory Board cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS is expected in June 2020.

  The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the I-GPS changes have been agreed depending upon the precise nature of the new final salary underpin, the members in scope, and how this affects the cost management process.

10. Since the valuation date, Fund asset returns have fallen short of the assumed return of 4.35 % over the year to 31 March 2020, on its own leading to a reduction in the funding level. In addition, reduced expectations of future asset returns and falls in gilt yields have led to a decrease in the discount rates, further reducing funding levels and increasing the primary rate. The Actuary, in conjunction with the Administering Authority, will monitor the position on a regular basis and the Administering Authority will take action if it believes necessary. In order to avoid material contribution increases at the 2022 valuation contributions for employers will be reviewed before the next valuation as agreed and set out in the Rates and Adjustments Certificate.

11. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

    This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.
    Aon does not accept any responsibility or liability to any party other than our client, City of Bradford Metropolitan District Council, the Administering Authority of the Fund, in respect of this Statement.

12. The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

    https://www.wypf.org.uk/media/2850/wypf-2019-valuation-report.pdf

Aon
May 2020

Note 3. Accounting policies

Basis of preparation
The statement of accounts summarises the Fund's financial activities for the 2019/20 financial year and its financial position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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.

Where employers have to pay the indirect costs of early retirement, these costs are accounted for in the period in which the liability arises. Any amount due but unpaid will be classed as current asset debtors.

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

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

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

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

Oversight and governance costs
All oversight and governance expenses are accounted for on an accruals basis. Associated indirect management costs and other overheads are apportioned to oversight and governance activities using relevant factors and charged as expenses to the fund.

Investment management expenses
All investment management expenses are accounted for on an accruals basis. Fees charged by external advisors and custodian are agreed in the respective mandates governing their appointment. The custodian fees are based on the market value of the investments under their management and unit price per transaction, therefore increase or reduce as the value of the investments and volume of transactions change. The fees of the external advisors increase by RPI on an annual basis.

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

Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed every three years per LGPS regulations and updated annually in the intervening years by the appointed 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 bank and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Financial liabilities
The Fund recognises financial liabilities at amortised cost. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability.

Investment income

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 when positive (profits) and as expenditure when negative (losses). This comprises of 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 based on fair value or amortised cost. 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 the date of recognition any gains or losses arising from changes in the fair value of assets held at fair value 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 Utmost (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 from AVC providers showing the amount held in their AVC account and the movements in the year.

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

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

a) Proceeds of sales of foreign assets are translated into sterling at the exchange rate on the day of sale and recorded in our investment book of records in sterling and in local currency.

b) Purchase of foreign investments are translated into sterling using the exchange rate at the time of purchase and recorded in our investment book of record at book cost in sterling and local currency.

c) Balance of foreign currency income accounts are moved daily to capital account using the mid-market rate on the date of movement.

d) Dividends from foreign investments are translated into sterling using the mid-market rate on the date of receipt.

e) When currency is sold or purchased the actual trade rate is used and commissions are charged to management expense.

Acquisition costs of investments
Brokerage commissions, fees, stamp duties and foreign exchange fees paid as part of acquisition costs of investments are charged as revenue cost and included in investment management costs.

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

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

And

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

Contingent liabilities and contractual commitments
A contingent liability arises when an event has taken place that gives the Fund a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably. 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 2020 but not settled until later are accrued in the accounts.

Note 4. Critical judgments in applying accounting policies

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

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 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. 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.

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.

Impact of Covid-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Valuation of quoted and unquoted assets were materially impacted.

The impact of Covid-19 has added additional uncertainty to the valuation of private equity investments within level 3 of the fair value hierarchy, which is challenging in normal times. Asset values are less certain as a result of increased volatility, changing domestic and industrial consumption, markets trending more favourably in the direction of digital, virtual and contactless business activities with green environmental focus. In simple terms the impact of Covid-19 resulted in a significant reduction in the number of transactions in the market up to 31 March 2020 and consequently the relevant observable data available upon which to base a valuation judgement. With regard to pooled property funds, a material valuation uncertainty clause has been included in a number of valuation reports from fund managers due to the possible impact of Covid-19.

Therefore, there is less certainty, and a higher degree of caution should be attached to our valuations of private equity and pooled property funds included in level 3 of the fair value hierarchy than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts.

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

Note 5. Events after the Balance sheet date
These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period).

b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There have been no adjusting events since 31 March 2020 and up to the date when these accounts were authorised, that require any adjustments to these accounts. The market value movement of financial assets as a result the prevailing Covid-19 pandemic is a non-adjusting event, it is impossible to estimate the impact of Covid-19 on this financial statement.

Note 6. Contributions receivable by category:

Contributions from employers and employees:

2018-19 £000	Analysis of contributions received	2019-20 £000
300,693	Employers	319,830
116,256	Members	122,143
416,949	**Total contributions receivable**	**441,973**

Contributions by type of employer:

2018-19 £000	Analysis by type of employer	2019-20 £000
52,616	**Administering Authority**	53,103
325,921	**Scheduled bodies**	350,280
38,412	**Admitted bodies**	38,590
416,949	**Total contributions receivable**	**441,973**

Contributions are further analysed by type of contribution:

2018-19 £000	Contributions receivable by type	2019-20 £000
111,366	Employees normal contributions	116,727
4,890	Employees additional contributions	5,416
286,503	Employers normal contributions	294,435
14,190	Employers deficit contributions	25,395
416,949	**Total contributions receivable**	**441,973**

Employers' contribution rates and deficit contributions

Employer contributions receivable in 2019-20 were based on 31 March 2016 triennial valuation. Contributions receivable from 1 April 2020 will be based on 2019 triennial valuation. At each triennial valuation (latest 31 March 2019) the Actuary calculates an employer rate for each employer. In addition to this some employers are also required to pay an additional monetary amount to cover any past service deficit, which is recoverable over an appropriate period.

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. The rates for 2019/20 base on pay in the financial year are provided below.

2019/20 Pay	Contribution rate
Up to £14,400	5.50%
£14,401 to £22,500	5.80%
£22,501 to £36,500	6.50%
£36,501 to £46,200	6.80%
£46,201 to £64,600	8.50%
£64,601 to £91,500	9.90%
£91,501 to £107,700	10.50%
£107,701 to £161,500	11.40%
£161,501 or more	12.50%

Note 7. Transfers in

2018-19 £000	Transfers in from other pension funds	2019-20 £000
26,491	Individual transfers in from other schemes	38,664
0	Bulk transfer in from other schemes	12,041
26,491	**Total transfers in**	**50,705**

Note 8. Non-statutory pensions and pensions increase recharged

2018-19 £000	Non-statutory pensions and pensions increase recharged	2019-20 £000
21,938	**Pensions**	**21,671**

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

2018-19 £000	Analysis of benefits payable	2019-20 £000
	Funded pensions	
-364,464	Retired employees	-388,929
-29,981	Dependants	-34,926
	Funded lump sums	
-99,393	On retirement	-115,655
-12,623	On death	-13,572
-506,461	**Total Benefits Payable**	**-553,082**

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

2018-19 £000	Analysis of benefits payable by member body	2019-20 £000
-78,697	Administering Authority	-83,865
-376,385	Scheduled bodies	-412,990
-51,245	Admitted bodies	-56,227
-134	Other interested bodies with no pensionable employees	0
-506,461	**Total benefits payable**	**-553,082**

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

2018-19 £000	Payments to and on account of leavers	2019-20 £000
-1,581	Refund of contributions	-1,644
-23,513	Individual transfers out to other schemes	-35,606
-15,351	Bulk transfers out to other schemes	0
-40,445	**Total transfers out**	**-37,250**

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 Utmost (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:

2018-19 £000	Additional voluntary contributions	2019-20 £000
31,926	Value of funds at 1st April	33,970
6,207	Contributions received	6,112
26	Transfers and withdrawals	144
1,812	Interest and bonuses / change in market value of assets	-1,206
-6,001	Sale of investments to settle benefits due to members	-6,155
33,970	**Value of fund at 31st March**	**32,865**

The aggregate amounts of AVC investments are:

2018-19 £000	AVC investments	2019-20 £000
1,898	Utmost (Equitable Life)	2,193
19,126	Prudential	20,065
12,946	Scottish Widows	10,607
33,970	**Total**	**32,865**

Note 12. Actuarial present value of promised retirement benefits

Introduction
IAS 26 requires the 'actuarial present value of the promised retirement benefits' to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the 'defined benefit obligation'. The information set out below relates to the actuarial present value of the promised retirement benefits in WYPF which is part of the Local Government Pension Scheme. The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits covered by these figures are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

Actuarial present value of promised retirement benefits (defined benefit obligation)
Paragraph 6.5.2.8 of CIPFA's Code of Practice on local authority accounting for 2019/20 sets out that for consistency with employers' IAS 19 actuarial report, that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed in the Pension Fund Account.

The results as at 31 March 2019, together with the results as at 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 2019 £M	Value as at 31 March 2016 £M
Fair value of net assets Actuarial present value of the defined benefit obligation (see Notes)	14,363.0 (19,365.8)	11,211.0 (14,085.4)
Surplus / (deficit) in the Fund as measured for IAS 26 purposes	(5,002.8)	(2,874.4)

McCloud / Sargeant judgement
The actuarial present value of the defined benefit obligation at 31 March 2019 includes an estimated liability in relation to the McCloud/Sargeant judgement of £33.15M. The McCloud / Sargeant judgement (December 2018) found that the transitional arrangements put in place when the firefighters' and judges' pension schemes were reformed constituted illegal discrimination. The Government has since

committed to compensate members of all public service schemes who were illegally discriminated against. In relation to the LGPS in England and Wales all members joined the new 2014 Scheme for membership after 1 April 2014, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so their benefits earned after 1 April 2014 would be at least as valuable in terms of amount and when they could be drawn, as if they had remained in the 2008 Scheme. The remedy for the LGPS is expected to be consulted upon in the summer. The additional liability included within this note assumes the underpin will be extended to cover all members who were actively participating in the Scheme on 1 April 2012 (and not just those within 10 years of retirement) and will apply on retirement or the date of leaving service if earlier.

Equalisation and Indexation of Guaranteed Minimum Pensions
The actuarial present value of the defined benefit obligation includes an estimated liability in relation to the equalisation and indexation of Guaranteed Minimum Pensions (GMPs) beyond the arrangements already formally in place, which apply to members whose State Pension Age (SPA) is between 6 April 2016 and 5 April 2021 inclusive. Those arrangements require the LGPS to pay pension increases on GMPs at the full rate of CPI for those members, whereas GMP legislation only requires limited price increases to be applied. The additional liability included within this note assumes those arrangements for fully indexing GMPs will be extended to members whose SPA is after 5 April 2021. This has increased the defined benefit obligation by in the region of 0.1% to 0.2%.

Cost Management Process
The actuarial present value of the defined benefit obligation does not allow for any potential additional liability which may arise from the cost management valuations. Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable.

HM Treasury and the SAB have paused their reviews following the 'McCloud' judgement in the Court of Appeal. The cost cap process will not recommence until the remedy as applies to the LGPS has been decided.

On 24 April 2020 a number of Trades Unions filed court proceedings to challenge the Government's decision to pause the cost management process. If successful this could lead to higher liabilities and employer costs although it is not yet known how such changes, and those required due to the McCloud case, will affect the cost management valuation due as at 31 March 2020 which it is expected would lead to changes in benefits and/or member contributions in future.

Assumptions
The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2019. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31 March 2019 (% p.a.)	31 March 2016 (% p.a.)
Discount rate	2.40	3.40
CPI Inflation (pension increases) *	2.20	1.80
Rate of general increase in salaries **	3.45	3.05

** In excess of Guaranteed Minimum Pension increases in payment for members whose State Pension Age is on or before 5 April 2016 where appropriate*
*** In addition, allowance has been made for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at the appropriate date*

Principal demographic assumptions
The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

	31/03/2019	31/03/2016
Males		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2019)	21.8	22.0
Future lifetime from age 65 (actives aged 45 at 31 March 2019)	22.4	22.9
Females		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2019)	24.5	25.1
Future lifetime from age 65 (actives aged 45 at 31 March 2019)	25.6	26.9

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2019 valuation. Assumptions for the rates of the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2019 valuation of the Fund, which are detailed in the actuary's valuation report.

Key risks associated with reporting under IAS 26 and sensitivity

Volatility of results

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

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

Post 31 March 2019 experience

Since 31 March 2019 the Fund's assets are likely to have fallen in value due to the emerging Covid-19 crisis. This crisis has also caused a reduction in corporate bond yields, which will have led to an increase in the value of the defined benefit obligation (liabilities) on an accounting basis. The impact on the net pensions asset will depend on the Fund's asset performance, but we would expect most LGPS Funds' IAS 26 balance sheet positions to have deteriorated over the year, with a higher IAS 26 deficit at 31 March 2020. It is too early to say what impact the higher rates of mortality will have on the funding position of the Fund. At time of writing, ONS data is showing that the cumulative deaths in 2020 to date are well outside the range of the outcomes seen in recent years. The impact on longevity for the Fund's members will additionally be affected by the indirect impact of Covid-19, including the health of the surviving population, and the economic, social and political consequences of tackling Covid-19. In both of the above cases, the impact on longevity could be positive or negative.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit.

Furthermore, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience for the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.
We have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Sensitivity Analysis

Discount rate assumption		
Adjustment to discount rate assumption	**+0.1%** **£M**	**-0.10%** **£M**
£ change to present value of the defined benefit obligation	-396	404.2
% change in present value of defined benefit obligation	-2.00%	2.10%

Rate of general increase in salaries		
Adjustment to salary increase rate assumption	+0.1% £M	-0.10% £M
£ change to resent value of the defined benefit obligation	50.1	-49.5
% change in present value of defined benefit obligation	0.30%	-0.30%

Rate of increase to pensions in payment, deferred pensions increase assumption and rate of revaluation of pension accounts		
Adjustment to pension increase rate assumption	+0.1% £M	-0.10% £M
£ change to present value of the defined benefit obligation	354.2	-346.5
% change in present value of defined benefit obligation	1.80%	-1.80%

Post retirement mortality assumption		
Adjustment to members' life expectancy	+1 year £M	-1 year £M
£ change to present value of the defined benefit obligation	-745.4	757.9
% change in present value of defined benefit obligation	-3.90%	3.90%

Note 13. Management expenses

2018-19 £000	Management expenses	2019-20 £000
-4,424	Administration costs	-4,763
-4,800	Investment Management expenses	-6,698
-782	Oversight and Governance	-845
-10,006	**Total administrative expenses**	**-12,306**

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 -£46.5k in respect of performance related fees paid (2018/19 -£87k). Statutory audit fee of -£40k (2018/19 -£37k) is included on oversight and governance. The statutory audit fee does not include fees chargeable to the Fund for pension assurance work undertaken at the request of employer auditors, fees payable for this work total -£22k (2018/19 -£17k) and are recharged to the relevant employers. No other fees have been paid to the external auditor.

The costs associated with the setting up and running Northern LGPS that relate specifically to WYPF are included within the administration costs above; the costs for the 2019/20 reporting period are £106k (2018/19 £123k).

Note 14. Investment expenses

2018-19 £000	Investment expenses	2019-20 £000
-3,482	Internal management costs	-3,423
-724	Transaction costs	-2,770
-594	Custody fees	-505
-4,800	**Total**	**-6,698**

Investment expenses are included in within management expenses (note 13). Investment expenses are of particular interest to LGPS funds' stakeholders and as such further breakdown of this cost is provided here. Transaction costs are included to comply with CIPFA guidance.

Note 15. Investment income

2018-19 £000	Investment income	2019-20 £000
50,467	Income from bonds	48,549
357,247	Dividends from equities	382,045
3,482	Income from index-linked securities	3,683
24,462	Income from pooled funds	26,435
336	Income from direct property	438
2,591	Interest on cash deposits	3,134
438,585	**Total investment income**	**464,284**

Note 15a. Tax on income

2018-19 £000	Tax on income	2019-20 £000
-8,236	Tax on dividends	-9,604
0	HMRC receipt re GMP equalisation*	885
-8,236	**Total**	**-8,719**

*GMP – Guaranteed minimum pension

Note 16. Direct Property Holdings

At 31 March 2019 £000	Direct Property Holdings	At 31 March 2020 £000
7,250	**Opening balance**	7,250
	Additions:	
0	Net Increase/ decrease in market value	-575
7,250	**Closing value**	**6,675**

Note 17. Investments

Note 17a.Movement in the value of investments in 2019-20

	Opening value at 1 April 2019 £000	Purchases costs £000	Sales proceeds £000	*Change in Market value* £000	Closing value at 31 March 2020 £000
Northern LGPS assets	261	33,031	0	-713	32,579
Bonds	1,512,233	535,266	-534,984	-125,327	1,387,188
Equities	10,415,004	836,634	-433,408	-1,318,715	9,499,515
Index linked securities	679,524	59,833	-54,480	51,242	736,119
Pooled funds	1,387,123	31,970	-97,447	-107,286	1,214,360
Direct property	7,250	0	0	-575	6,675
Cash deposits	269,242	1,169,499	-1,188,432	4,316	254,625
Cash at bank	25,261	21,581	0	0	46,842
Other investment debtors	48,560	5,358	0	0	53,918
Other investment creditors	-15,356	0	-35,883	0	-51,239
Total investments	**14,329,102**	**2,693,172**	**-2,344,634**	**-1,497,058**	**13,180,582**

Movement in the value of investments in 2018-19

	Opening value at 1 April 2018 £000	Purchases costs £000	Sales proceeds £000	Change in Market value £000	Closing value at 31 March 2019 £000
Northern LGPS assets	0	261	0	0	261
Bonds	1,374,768	271,683	-134,289	71	1,512,233
Equities	9,999,549	663,992	-690,909	442,372	10,415,004
Index-linked securities	659,866	40,507	-43,981	23,132	679,524
Pooled funds	1,466,773	63,322	-152,507	9,535	1,387,123
Direct property	7,250	0	0	0	7,250
Cash deposits	263,630	1,356,343	-1,351,873	1,142	269,242
Cash at bank	33,482	0	-8,221	0	25,261
Other investment debtors	42,528	6,032	0	0	48,560
Other investment creditors	-11,182	0	-4,174	0	-15,356
Total investments	**13,836,664**	**2,402,140**	**-2,385,954**	**476,252**	**14,329,102**

The change in market value of investments during the year includes all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. A further analysis of the asset split between overseas and UK can be found in note 23.

b. Analysis of Investments by security type

At 31 March 2019 £000	Analysis of investments closing market values	At 31 March 2020 £000
261	**Northern LGPS Assets- Equities**	**32,579**
	Bonds:	
1,015,340	Public sector quoted	926,917
494,734	Other quoted	460,271
2,159	Unquoted	0
1,512,233		**1,387,188**
	Equities:	
9,055,277	Quoted	7,979,193
1,359,727	Unquoted	1,520,322
10,415,004		**9,499,515**
	Index linked securities:	
679,524	Quoted	**736,119**
	Pooled funds:	
648	Hedge funds quoted	284
91,300	Hedge funds unquoted	94,683
274,541	Property quoted	181,565
356,494	Property unquoted	427,860
629,635	Other quoted	483,793
34,505	Other unquoted	26,175
1,387,123		**1,214,360**
7,250	**Direct Property**	**6,675**
269,242	**Cash deposits**	**254,625**
25,261	**Cash in bank**	**46,842**
48,560	**Other Investment assets**	**53,918**
-15,356	**Other Investment liabilities**	**-51,239**
14,329,102	**Total**	**13,180,582**

c. Stock Lending

2018-19 £000	Analysis of stock lending	2019-20 £000
243	Income - Bonds	228
701	- UK equities	648
2,437	- International equities	1,924
-102	Expenditure	-90
3,279	**Total**	**2,710**

As at 31 March 2020, £0.89bn of stock was on loan to market makers (31 March 2019, £2.6bn) and this was covered by collateral totalling £0.96bn (31 March 2019 £2.7bn) which includes an appropriate margin. The stock on loan was covered by collateral valued at £955m (which includes an appropriate margin). The collateral includes; Basket of Equities 1 & 2 (£417 million), United Kingdom Gilts (£191million), US Equities (£141 million) and Government Debt (£56 million).

Note 18. Fair Value – Basis of valuation

The classification of assets within the fair value hierarchy is determined using the criteria set out in IFRS13 Fair Value Measurement. The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. Transfers between levels are deemed to have occurred when there is a significant change to the level of observable and unobservable inputs used to determine fair value.

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted equities	Level 1	Listed investments are shown at bid prices. The bid value of the investments is based on the bid market quotation of the relevant stock exchange.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investment- overseas unit trusts and quoted property funds	Level 2	Closing bid price where bid and offer prices are published - closing single price where single price is published. Valuations for Property Funds are provided by Fund managers and where available closing bid price is used.	NAV - based pricing set on a forward pricing basis.	Not required
Pooled investments - hedge funds and unquoted property funds	Level 3	Closing bid price where bid and offer prices are published - closing single price where single price is published.	These are based on the net asset values provided by the fund managers. Values are normally received by West Yorkshire Pension Fund between 30 and 90 days after the month end to which they relate. The values reported in the financial statements are therefore based on December 2019 to February 2020, adjusted according to estimates of investment fund performance in March, as informed by fund managers. We gain assurance over valuations and capital statements provided by fund managers by comparing valuations to funds' audited accounts' Net Asset Values and updated capital statements provided in subsequent periods.	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.

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	These are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. They are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are performed annually and mainly as at the end of December. Cashflow adjustments are used to roll forward the valuations to 31 March as appropriate.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3
The Fund has determined that the valuation methods described in the table above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31st March 2020.

Sensitivity of assets valued at level 3	Assessed valuation range (+/-)	Value at 31 March 2020 £m	Value on increase £m	Value on decrease £m
Pooled investments - hedge funds	10%	94.9	104.4	85.4
Property funds	10%	427.8	470.6	385.0
Direct property	10%	6.7	7.4	6.0
Private equity inc NLGPS	15%	1,552.9	1,785.8	1,319.9
Other assets	10%	26.2	28.8	23.6
Total		**2,108.5**	**2,397.0**	**1,819.9**

"Other assets" these relate to 3 assets which have been reclassified to level 3 assets from level 2.

Sensitivity of assets valued at level 3	Assessed valuation range (+/-)	Value at 31 March 2019 £m	Value on increase £m	Value on decrease £m
Pooled investments - hedge funds	10%	91.9	101.1	82.7
Property funds	10%	356.5	392.2	320.9
Direct property	10%	7.3	8.0	6.6
Private equity inc NLGPS	15%	1359.7	1563.7	1155.8
Total		**1,815.4**	**2,065.0**	**1,566.0**

Financial instruments – valuation

Valuation of financial assets carried at fair value.
The valuations of financial assets have been classified into three levels according to the quality and reliability of information used to determine the fair values. Transfers between levels are recognised in the year in which they occur.

Level 1
Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Financial assets classified as level 1 comprise quoted equities, quoted bonds (fixed interest securities), quoted index linked securities and unit trusts.

Level 2
Level 2 valuations are those where quoted market prices are not available, for example where the financial asset is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Financial asset classified as level 2 are quoted property funds.

Level 3
Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds or unquoted property funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The table below provides an analysis of the financial assets and liabilities of the Fund that are carried at fair value in the Fund's Net Asset Statement, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Valuation hierarchy as at 31st March 2020

	At 31 March 2020 Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit & loss	10,113	655	2,101	12,869
Financial assets at amortised cost	410	0	0	410
Total financial assets	**10,523**	**655**	**2,101**	**13,279**
Financial liabilities				
Financial liabilities at amortised cost	-72	0	0	-72
Total financial liabilities	**-72**	**0**	**0**	**-72**

Valuation hierarchy as at 31st March 2019

	At 31 March 2019 Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit & loss	11,245	941	1,808	13,994
Financial assets at amortised cost	395	0	0	395
Total financial assets	**11,640**	**941**	**1,808**	**14,389**
Financial liabilities				
Financial liabilities at amortised cost	-33	0	0	-33
Total financial liabilities	**-33**	**0**	**0**	**-33**

Reconciliation of fair value measurements within level 3

	Market value 01-Apr-19 £000	Adj to 01-Apr-19 assets L2 to L3 £000	Purchases £000	Sales £000	Change in 2019/20 L2 to L3 assets £000	Change in market value £000	Market value 31-Mar-20 £000
Pooled investments - Hedge funds	91,948	0	0	-81	0	3,100	94,967
Property funds	356,494	0	5,733	-19,961	86,623	-1,029	427,860
Direct property	7,250	0	0	0	0	-575	6,675
Private equity(inc NLGPS)	1,359,727	0	269,532	-206,210	0	129,852	1,552,901
Other assets	0	34,505	0	0	0	-8,330	26,175
	1,815,419	**34,505**	**275,265**	**-226,252**	**86,623**	**123,018**	**2,108,578**

The opening balances in the table have been adjusted for investments with a value of £34,505k classified in level 2 of the fair value hierarchy at 31 March 2019 which should have been included in level 3 of the hierarchy. This adjustment is shown in ''Adj to 01-Apr-19 assets L2 to L3" column above.

In addition, two investments with a total fair value of £86,623k were transferred from level 2 to level 3 due to a lack of observable inputs at 31 March 2020. This is due to:

- trading on one investment with a value of £33,332k being suspended in May 2019; and

- the suspension of monthly observable prices and redemptions of one investment with a value of £55,291k in March 2020 as a result of Covid-19.

	Market value 01 April 2018	Purchases	Sales	Change in market value	Market value 31 March 2019
	£000	£000	£000	£000	£000
Pooled investments - Hedge funds	127,562	0	-42,508	6,894	91,948
Property Funds	308,524	58,391	-17,893	7,472	356,494
Direct property	7,250	0	0	0	7,250
Private equity	1,141,946	292,612	-217,203	142,372	1,359,727
	1,585,282	**351,003**	**-277,604**	**156,738**	**1,815,419**

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 2020. The table also includes Direct Property (non-financial instrument) for completeness.

Note 19. Financial instruments – classification at 31st March 2020	**Fair value through profit & loss £000**	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**	**Total financial instruments £000**
Financial Assets				
Northern LGPS assets	32,579	0	0	32,579
Bonds	1,387,188	0	0	1,387,188
Equities	9,499,515	0	0	9,499,515
Index-linked securities	736,119	0	0	736,119
Pooled investment vehicles	1,214,360	0	0	1,214,360
Cash deposits	0	254,625	0	254,625
Cash at bank	0	46,842	0	46,842
Other investment balances	0	53,918	0	53,918
Debtors	0	54,197	0	54,197
Total financial assets	**12,869,761**	**409,582**	**0**	**13,279,343**
Financial Liabilities				
Other investment balances	0	0	-51,239	-51,239
Creditors	0	0	-20,481	-20,481
Total financial liabilities	**0**	**0**	**-71,720**	**-71,720**
Total	**12,869,761**	**409,582**	**-71,720**	**13,207,623**
Non-Financial instrument assets				
Direct Property	**6,675**	**0**	**0**	**6,675**
Total	**12,876,436**	**409,582**	**-71,720**	**13,214,298**

Comparative of Financial instrument classification at 31st March 2019	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Total financial instruments £000
Financial Assets				
Northern LGPS assets	261	0	0	261
Bonds	1,512,233	0	0	1,512,233
Equities	10,415,004	0	0	10,415,004
Index-linked securities	679,524	0	0	679,524
Pooled investment vehicles	1,387,123	0	0	1,387,123
Cash deposits	0	269,242	0	269,242
Cash at bank	0	25,261	0	25,261
Other investment balances	0	48,560	0	48,560
Debtors	0	51,814	0	51,814
Total financial assets	**13,994,145**	**394,877**	**0**	**14,389,022**
Financial Liabilities				
Other investment balances	0	0	-15,356	-15,356
Creditors	0	0	-17,875	-17,875
Total financial liabilities	**0**	**0**	**-33,231**	**-33,231**
Total	**13,994,145**	**394,877**	**-33,231**	**14,355,791**
Non-Financial instrument assets				
Direct Property	**7,250**	**0**	**0**	**7,250**
Total	**14,001,395**	**394,877**	**-33,231**	**14,363,041**

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

At 31 March 2019 £000	Debtors	At 31 March 2020 £000
	Debtors	
28,598	Contributions due from employees and employers	24,587
23,216	Other debtors	29,610
51,814	**Total current assets**	**54,197**

Note 21. Current liabilities

At 31 March 2019 £000	Current liabilities	At 31 March 2020 £000
	Creditors	
-8,762	Unpaid benefits	-12,849
-9,113	Other current liabilities	-7,632
-17,875	**Total current liabilities**	**-20,481**

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 2019/20, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £444k in respect of support services provided (£451k in 2018/19). The support costs include a full year support for financial systems, payroll, HR, legal, internal audit and information technology services.

Employers
Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in note 27 of this report. Contributions in respect of March 2020 payroll are included within the debtors figure in note 20.

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

There have been no material transactions between any member or their families and the Pension Fund.

Key management personnel
No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with City of Bradford Metropolitan District Council, for the supply of goods or services to the Fund.

IAS 24 requires entities to disclose key management personnel compensation. The Fund has identified key management personnel as the Director West Yorkshire Pension Fund and the Chief Executive of Bradford Council. The combined compensation for these officers, attributable to West Yorkshire Pension Fund, is £128k (2018/19 £126k). 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.

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.

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 2019/20 reporting period.

Asset type	**2019-20 Potential market movement +/- (%pa)**	**2018-19 Potential market movement +/- (%pa)**
UK corporate bonds	12.3	4.4
UK equities	18.8	6.8
UK public sector bonds	7.2	6.6
UK index-linked	3.6	8
UK properties	3.1	0.6
UK direct property	7.3	1.4
Overseas corporate bonds	9.3	8.8
Overseas equities	16.3	5.7
Overseas public sector bonds	9.3	8.8
Overseas index-linked	3.6	8.8
Overseas properties	3.1	1.4
Alternatives (universe)	5.2	0.6
Cash deposits	2.0	0.4
Cash at bank	0.01	0.4

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

Asset type	**Value as at 31 March 2020 £000**	**Percentage change %**	**Value on increase £000**	**Value on decrease £000**
UK corporate bonds	362,039	12.3	406,570	317,508
UK equities	5,385,001	18.8	6,397,381	4,372,621
UK public sector bonds	672,778	7.2	721,218	624,338
UK index-linked	640,816	3.6	663,885	617,747
UK properties	522,465	3.1	538,661	506,269
UK direct property	6,675	7.3	7,162	6,188
Overseas corporate bonds	98,232	9.3	107,368	89,096
Overseas equities	4,147,093	16.3	4,823,069	3,471,117
Overseas public sector Bonds	254,139	9.3	277,774	230,504
Overseas index-linked	95,303	3.6	98,734	91,872
Overseas properties	86,960	3.1	89,656	84,264
Alternatives (universe)	604,935	5.2	636,392	573,478
Cash deposits	254,625	2.0	259,718	249,533
Cash at bank	46,842	0.01	46,847	46,837
Other investment assets	53,918	0.0	53,918	53,918
Other investment liabilities	-51,239	0.0	-51,239	-51,239
Total Investment Assets	**13,180,582**		**15,077,114**	**11,284,051**

Asset type	Value at 31 March 2019 £000	Percentage change %	Value on increase £000	Value on decrease £000
UK corporate bonds	436,024	4.4	455,209	416,839
UK equities	5,895,902	6.8	6,296,823	5,494,981
UK public sector bonds	821,334	6.6	875,542	767,126
UK index-linked	609,200	8.0	657,936	560,464
UK properties	541,302	0.6	544,550	538,054
UK direct property	7,250	1.4	7,352	7,149
Overseas corporate bonds	60,869	8.8	66,225	55,513
Overseas equities	4,519,363	5.7	4,776,967	4,261,759
Overseas public sector Bonds	194,006	8.8	211,079	176,933
Overseas index-linked	70,324	8.8	76,513	64,135
Overseas properties	89,733	1.4	90.989	88,477
Alternatives (universe)	756,088	0.6	760,625	751,551
Cash deposits	269,242	0.4	270,319	268,165
Cash at bank	25,261	0.4	25,362	25,160
Other investment assets	48,560	0.0	48,560	48,560
Other investment liabilities	-15,356	0.0	-15,356	-15,356
Total Investment Assets	**14,329,102**		**15,148,695**	**13,509,510**

c) Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

At 31 March 2019 £000	Asset type	At 31 March 2020 £000
1,512,233	Bonds	1,387,188
269,242	Cash deposits	254,625
25,261	Cash at bank	46,842
1,806,736	**Total**	**1,688,655**

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 at 31 March 2020 £000	Value on Increase +100BPS £000	Value on decrease -100BPS £000
Bonds	1,387,188	1,401,060	1,373,316
Cash deposits	254,625	257,171	252,079
Cash at bank	46,842	47,310	46,374
Total change in assets available	**1,688,655**	**1,705,541**	**1,671,769**

Asset type	Value at 31-Mar-19 £000	Value on Increase +100BPS £000	Value on decrease -100BPS £000
Bonds	1,512,233	1,527,355	1,497,111
Cash deposits	269,242	271,934	266,550
Cash at bank	25,261	25,514	25,008
Total change in assets available	**1,806,736**	**1,824,803**	**1,788,669**

d) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The following tables summarise the Fund's currency exposure as at 31 March 2020 and 31 March 2019:

Currency exposure - asset type	Value as at 31st March 2020 £000	Value as at 31st March 2019 £000
Overseas bonds quoted	352,371	254,874
Overseas equities quoted	4,134,950	4,518,887
Overseas equities unquoted	12,144	476
Overseas index linked securities	95,303	70,324
Overseas unit trusts	376,653	492,508
Overseas property funds	86,960	89,733
Total overseas assets	**5,058,381**	**5,426,802**

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%, (2018/19 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 at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Overseas bonds quoted	352,371	373,513	331,229
Overseas equities quoted	4,134,950	4,383,046	3,886,853
Overseas equities unquoted	12,144	12,873	11,415
Overseas index linked securities	95,303	101,021	89,585
Overseas unit trusts	376,653	399,252	354,054
Overseas property funds	86,960	92,178	81,742
Total overseas assets	**5,058,381**	**5,361,883**	**4,754,878**

Asset type	Value at 31 March 2019 £000	Value on increase £000	Value on decrease £000
Overseas bonds quoted	254,874	270,166	239,582
Overseas equities quoted	4,518,887	4,790,020	4,247,754
Overseas equities unquoted	476	505	447
Overseas index linked securities	70,324	74,543	66,105
Overseas unit trusts	492,508	522,058	462,958
Overseas property funds	89,733	95,117	84,349
Total overseas assets	**5,426,802**	**5,752,409**	**5,101,195**

e) Credit risk

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

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

f) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure there are adequate cash resources available to meet its commitments. This will particularly be the case for cash, from the cashflow matching mandates from the main investment strategy to meet pensioner payroll costs, and also cash to meet investment commitments.

Note 24. Contractual commitments

At 31 March 2020 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31 March 2020	Un-drawn commitments
	£m	**£m**
Private equity	1,520	1,147
Property funds	609	70
Total	**2,129**	**1,217**

At 31st March 2019 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31 March 2019	Un-drawn commitments
	£m	**£m**
Private equity	1,360	788
Property funds	631	76
Total	**1,991**	**864**

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

Note 25. Accounting Developments

Accounting standards that have been issued before 1 January 2020 but not yet adopted by the Cipfa code of practice on local authority accounting and consequently are not yet adopted by the fund. These are listed below.

- **IAS 28 Long-term interests** in Associates and Joint Ventures (Amendments to IAS 28)' provide clarity that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- **IFRIC 23 Uncertainty over Income Tax Treatment**, the latest update deals with uncertainty over income tax treatments.

- **IFRS 9 Financial Instruments**, the update standard deals with concerns about how IFRS 9 classifies particular prepayable financial assets. In addition, the IASB clarified an aspect of the accounting for financial liabilities following a modification.

- **IAS 19 Employee Benefits**, the latest amendment harmonises accounting practices and provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.

The introduction of, and amendments to, the above accounting standards are not expected to have a material impact on this financial statement in the period of initial application.

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 2019/20 451 employers paid contributions into the Fund, at the end of the year there were 440 employers with active members.

PARTICIPATING EMPLOYERS	
BRADFORD M.D.C	BOLTON BROW PRIMARY ACADEMY
LEEDS CITY COUNCIL	BOOTHROYD PRIMARY ACADEMY
CALDERDALE M.B.C	BRADFORD ACADEMY
KIRKLEES M.C	BRADFORD COLLEGE
WAKEFIELD M.D.C	BRADFORD DIOCESAN ACADEMIES TRUST
ABBEY MULTI ACADEMY TRUST	BRADFORD DISTRICT CREDIT UNION
ABSOLUTELY CATERING LIMITED (BATLEY MAT)	BRADSHAW PRIMARY SCHOOL
ABSOLUTELY CATERING LTD (BGS)	BRAMLEY PARK ACADEMY (left 31/03/20)
ACCORD MULTI ACADEMY TRUST	BRAMLEY ST PETERS C OF E SCHOOL
ACKWORTH PARISH COUNCIL	BRIGHOUSE ACADEMY
ACTIVE CLEANING LTD (CROFTON ACADEMY)	BRIGHTER FUTURES ACADEMY TRUST
ADDINGHAM PARISH COUNCIL	BRIGSHAW LEARNING PARTNERSHIP
ADEL ST JOHN THE BAPTIST C E (V A) PRIMARY SCHOOL	BRITISH GAS SOCIAL HOUSING LTD
AFFINITY TRUST (left 31/03/20)	BRODETSKY JEWISH (V A) PRIMARY SCHOOL
AIREBOROUGH LEARNING PARTNERSHIP TRUST	BRONTE ACADEMY TRUST
ALL SAINTS C E J & I SCHOOL	BROOKSBANK SCHOOL SPORTS COLLEGE
ALL SAINTS RICHMOND HILL CHURCH OF ENGLAND PRIMARY SCHOOL	BULLOUGH CONTRACT SERVICES (LEEDS CITY COLLEGE)
AMEY COMMUNITY LTD BRADFORD BSF PHASE 2 FM SERVICES	BURLEY PARISH COUNCIL
AMEY COMMUNITY LTD FM SERVICES	BURNLEY ROAD ACADEMY
AMEY INFRASTRUCTURE SERVICES LTD (WAKEFIELD)	C AND K CAREERS LTD
APCOA PARKING (UK) LIMITED	CAFCASS
ARAMARK LIMITED	CALDER HIGH SCHOOL
ARCADIS (UK) LTD	CALDERDALE COLLEGE
ARTS COUNCIL ENGLAND	CALVERLEY C OF E PRIMARY SCHOOL
ASPENS SERVICES LTD	CARDINAL HEENAN CATHOLIC HIGH SCHOOL
ASPENS SERVICES LTD (APPLETON ACADEMY)	CARE QUALITY COMMISSION
ASPENS SERVICES LTD (OASIS ACADEMY)	CARR MANOR COMMUNITY SCHOOL
ASPIRE COMMUNITY BENEFIT SOCIETY LTD	CARROLL CLEANING CO LTD (LAPAGE PRIMARY SCHOOL)
ASPIRE-I	CARROLL CLEANING CO LTD (LEE MOUNT PRIMARY SCHOOL)
ASPIRE-IGEN LTD	CARROLL CLEANING COMPANY (NESSFIELD PRIMARY SCHOOL)
B B G ACADEMY	CARROLL CLEANING COMPANY LIMITED (FRIZINGHALL)
BAILDON TOWN COUNCIL	CARROLL CLEANING COMPANY LIMITED (THORNBURY)
BANKSIDE PRIMARY SCHOOL	CARROLL CLEANING COMPANY LTD (BIRKENSHAW PRIMARY SCHOOL)

PARTICIPATING EMPLOYERS	
BANKSIDE PRIMARY SCHOOL	CARROLL CLEANING COMPANY LTD (HOLY TRINITY PRIMARY)
BARDSEY PRIMARY FOUNDATION SCHOOL	CARROLL CLEANING COMPANY LTD (PEEL PARK PRIMARY SCHOOL)
BARNARDOS ASKHAM GRANGE PRISON	CARROLL CLEANING COMPANY LTD (SOUTHMERE PRIMARY ACADEMY)
BASKETBALL ENGLAND	CARROLL CLEANING COMPANY LTD (ST JOHNS WAKEFIELD)
BATLEY GRAMMAR FREE SCHOOL	CARROLL CLEANING COMPANY LTD (WAKEFIELD)
BATLEY GRAMMAR SCHOOL (BATLEY M.A.T.)	CARROLL CLEANING COMPANY LTD (WHETLEY)
BATLEY MULTI ACADEMY TRUST	CASTLE HALL ACADEMY
BECKFOOT TRUST	CASTLEFORD ACADEMY
BEESTON HILL ST LUKES C E PRIMARY SCHOOL	CATERLINK LIMITED (BROADGATE PRIMARY SCHOOL)
BEESTON PRIMARY TRUST	CATERLINK LIMITED (IRELAND WOOD PRIMARY SCHOOL)
BELLE ISLE TENANT MANAGEMENT ORG	CBRE MANAGED SERVICES LIMITED
BID SERVICES	CHIEF CONSTABLE FOR WEST YORKSHIRE
BINGLEY GRAMMAR SCHOOL	CHURCHILL CONTRACT SERVICES (B B G ACADEMY)
BIRSTALL PRIMARY ACADEMY	CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE SECURITY)
BLESSED CHRISTOPHER WHARTON ACADEMY TRUST	CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE)
BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (CALDERDALE)	CHURCHILL CONTRACT SERVICES (OUTWOOD GRANGE ACADEMIES TRUST)
BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (KIRKLEES)	CHURCHILL CONTRACT SERVICES (SHARE MAT)
CLAPGATE PRIMARY SCHOOL	ENVIROSERVE (VICTORIA PRIMARY ACADEMY)
CLAYTON PARISH COUNCIL	ETHOS ACADEMY TRUST
COALFIELDS REGENERATION TRUST	EXCEED ACADEMIES TRUST
COCKBURN MULTI ACADEMY TRUST	FALCON EDUCATION ACADEMIES TRUST
COLLABORATIVE LEARNING TRUST	FEATHERSTONE ACADEMY (left 31/03/20)
COLLINGHAM LADY ELIZABETH HASTINGS	FEVERSHAM EDUCATION TRUST
COMMUNITY ACCORD	FEVERSHAM PRIMARY ACADEMY
COMPASS (LEEDS PFI SCHOOLS)	FIELDHEAD JUNIOR INFANT AND NURSERY ACADEMY
COMPASS CONTRACT SERVICES (GREEN LANE)	FIRST WEST YORKSHIRE LTD
COMPASS CONTRACT SERVICES (LAISTERDYKE)	FLEET FACTORS LTD
COMPASS CONTRACT SERVICES (NORTHERN EDUCATION TRUST)	FOXHILL PRIMARY SCHOOL
COMPASS CONTRACT SERVICES (PARK VIEW & EAST GARFORTH)	FUTURE CLEANING SERVICES LIMITED (CALDER HIGH)
COMPASS CONTRACT SERVICES (ST JOHN FISHERS)	GOLCAR JUNIOR INFANTS AND NURSERY SCHOOL
COMPASS CONTRACT SERVICES (UK) (PONTEFRACT ACADEMIES TRUST)	GREENHEAD SIXTH FORM COLLEGE
COMPASS CONTRACT SERVICES (UK) LTD	GROUNDWORK LEEDS
COMPASS CONTRACT SERVICES (UK) LTD (CHARTWELL)	GROUNDWORK WAKEFIELD
COMPASS CONTRACT SERVICES (UK) LTD (SHARE MAT)	HALIFAX OPPORTUNITIES TRUST (CALDERDALE)
COMPASS CONTRACT SERVICES (WESTBOROUGH HIGH SCHOOL)	HANSON SCHOOL

PARTICIPATING EMPLOYERS	
COMPASS CONTRACT SERVICES (WHETLEY ACADEMY)	HAWKSWORTH C E (VA) PRIMARY SCHOOL
COMPASS CONTRACT SERVICES LTD (MANOR CROFT)	HEBDEN ROYD TOWN COUNCIL
CONSULTANT CLEANERS LIMITED (W Y FIRE)	HECKMONDWIKE GS ACADEMY TRUST
CONSULTANT CLEANERS LIMITED (WESTBOROUGH HIGH SCHOOL)	HEMSWORTH TOWN COUNCIL
COOKRIDGE HOLY TRINITY C E PRIMARY SCHOOL	HEPWORTH GALLERY TRUST
CORPUS CHRISTI CATHOLIC COLLEGE	HF TRUST LIMITED (left 31/03/20)
CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL	HILL TOP FIRST SCHOOL
COTTINGLEY PRIMARY ACADEMY	HOLLY BANK TRUST
CRAFT CENTRE & DESIGN GAL. LTD	HOLME VALLEY PARISH COUNCIL
CREATIVE SUPPORT LIMITED	HOLY FAMILY CATHOLIC (VA) PRIMARY SCHOOL
CRESCENT PURCHASING LTD	HOLY ROSARY AND ST ANNES CATHOLIC PRIMARY SCHOOL
CRIGGLESTONE ST JAMES CE PRIMARY ACADEMY	HOLY TRINITY PRIMARY C OF E ACADEMY
CROFTON ACADEMY	HORBURY BRIDGE CE J AND I SCHOOL
CROSSLEY HALL PRIMARY SCHOOL	HORSFORTH SCHOOL ACADEMY
CROW LANE PRIMARY AND FOUNDATION STAGE SCHOOL	HORSFORTH TOWN COUNCIL
DARRINGTON C OF E PRIMARY SCHOOL	HORTON HOUSING ASSOCIATION (BRADFORD)
DEIGHTON GATES PRIMARY FOUNDATION SCHOOL	HUDDERSFIELD NEW COLLEGE
DELTA ACADEMIES TRUST	HUGH GAITSKELL PRIMARY SCHOOL TRUST
DENBY DALE PARISH COUNCIL	HUMANKIND CHARITY (LEEDS)
DIXONS ACADEMIES CHARITABLE TRUST LTD	HUNSLET ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL
Dolce (Bishop Konstant C.A.T)	HUNSLET ST MARYS C E (VA) PRIMARY SCHOOL
EAST NORTH EAST HOMES LEEDS	HUTCHISON CATERING LTD (GUISELEY SCHOOL)
EBOR GARDENS PRIMARY ACADEMY (left 31/03/20)	I S S MEDICLEAN LTD
ELEMENTS PRIMARY SCHOOL	ILKLEY PARISH COUNCIL
ELEVATE MULTI ACADEMY TRUST	IMMACULATE HEART OF MARY CATHOLIC PRIMARY SCHOOL
ELITE CLEANING AND ENVIRONMENTAL SERVICES LTD	IMPACT EDUCATION MULTI ACADEMY TRUST
ENGIE SERVICES LTD	INCOMMUNITIES
ENHANCE ACADEMY TRUST	INNOVATE SERVICES LTD (CROSSFLATTS)
ENTERPRISE MANAGED SERVICES LTD	INSPIRE PARTNERSHIP MULTI ACADEMY TRUST
ENVIROSERVE (CALDER HIGH SCHOOL)	INTERACTION AND COMMUNICATION ACADEMY TRUST
ENVIROSERVE (EBOR GARDENS PRIMARY ACADEMY)	INTERACTION AND COMMUNICATION ACADEMY TRUST (HIGH PARK)
ENVIROSERVE (JOSEPH NORTON ACADEMY)	INTERSERVE (FACILITIES MANAGEMENT) LTD

PARTICIPATING EMPLOYERS	
INTERSERVE (FACILITIES MANAGEMENT) LTD (P.C.C FOR WEST YORKSHIRE) (left 31/03/20)	LOCALA (CALDERDALE)
INTERSERVE (FACILITIES MANAGEMENT) LTD (W Y POLICE CLEANING CONTRACT)	LONGROYDE JUNIOR SCHOOL
INTERSERVE CATERING SERVICES LIMITED	MAKING SPACE
INTERSERVE INTEGRATED SERVICES LTD	MAST ACADEMY TRUST
IQRA ACADEMY	MEANWOOD C E (VA) PRIMARY SCHOOL
IQRA ACADEMY (FEVERSHAM EDUCATION TRUST)	MEARS LTD (SOUTH)
JERRY CLAY ACADEMY	MEARS LTD (WEST)
JOHN SMEATON ACADEMY	MELLORS CATERING SERVICES (SOUTHFIELD GRANGE)
JOSEPH NORTON ACADEMY (left 31/03/20)	MELLORS CATERING SERVICES LTD (CAVENDISH PRIMARY)
KEELHAM PRIMARY SCHOOL	MELTHAM TOWN COUNCIL
KEEPMOAT PROPERTY SERVICES LIMITED	MENSTON PARISH COUNCIL
KEIGHLEY TOWN COUNCIL	MICKLEFIELD PARISH COUNCIL
KHALSA SCIENCE ACADEMY	MINSTHORPE ACADEMY TRUST
KILLINGHALL PRIMARY SCHOOL	MITIE LIMITED (LEEDS SCHOOLS PFI)
KING JAMES'S SCHOOL	MITIE PFI LIMITED
KIRKBURTON PARISH COUNCIL	MOORLANDS LEARNING TRUST
KIRKLEES ACTIVE LEISURE	MORLEY TOWN COUNCIL
KIRKLEES CITIZENS ADVICE AND LAW CENTRE	MOUNT ST MARYS CATHOLIC HIGH SCHOOL
KIRKLEES COLLEGE	MOUNTAIN HEALTHCARE LTD (W Y POLICE)
KIRKLEES NEIGHBOURHOOD HSE LTD	MYRTLE PARK PRIMARY SCHOOL
KIRKSTALL ST STEPHENS C E (VA) PRIMARY SCHOOL	N.I.C. SERVICES GROUP LIMITED (MIDDLETON ST MARYS LEEDS)
LADY ELIZABETH HASTINGS SCHOOL	NATIONAL COAL MINING MUSEUM FOR ENGLAND
LAISTERDYKE LEADERSHIP ACADEMY	NEW COLLABORATIVE LEARNING TRUST
LANE END PRIMARY TRUST	NINELANDS PRIMARY SCHOOL
LEARNING ACCORD MULTI ACADEMY TRUST	NORMANTON TOWN COUNCIL
LEEDS AND BRADFORD INTERNATIONAL AIRPORT	NORTH HALIFAX GRAMMAR ACADEMY
LEEDS APPROPRIATE ADULT SERVICE	NORTH HALIFAX PARTNERSHIP LTD
LEEDS ARTS UNIVERSITY	NORTHERN AMBITION ACADEMIES TRUST
LEEDS BECKETT UNIVERSITY	NORTHERN EDUCATION TRUST
LEEDS C.A.B.	NORTHERN SCH.OF CONTEMP DANCE
LEEDS CENTRE FOR INTEGRATED LIVING	NORTHERN STAR ACADEMIES TRUST
LEEDS CITY ACADEMY	NORTHORPE HALL CHILD AND FAMILY TRUST
LEEDS CITY COLLEGE	NOTRE DAME SIXTH FORM COLLEGE
LEEDS COLLEGE OF BUILDING	NPS LEEDS LIMITED

PARTICIPATING EMPLOYERS	
LEEDS COLLEGE OF MUSIC	NURTURE ACADEMIES TRUST
LEEDS EAST PRIMARY PARTNERSHIP TRUST	OASIS ACADEMY LISTER PARK
LEEDS GRAND THEATRE & OPERA HSE	OFSTED
LEEDS JEWISH FREE SCHOOL	OLD EARTH ACADEMY
LEEDS M.I.N.D	ONE IN A MILLION FREE SCHOOL
LEEDS NORTH WEST EDUCATION PARTNERSHIP	OPEN COLLEGE NETWORK YORKS & HUMBER (TRADING AS CERTA)
LEEDS SOCIETY FOR THE DEAF & BLIND	OSSETT TRUST
LEEDS TRINITY UNIVERSITY	OTLEY TOWN COUNCIL
LEODIS ACADEMIES TRUST	OUR LADY OF GOOD COUNSEL CATHOLIC PRIMARY SCHOOL
LIBERTY GAS OUTER WEST	OUTWOOD ACADEMY FREESTON
LIBERTY GAS WEST	OUTWOOD ACADEMY HEMSWORTH
LIDGET GREEN COMMUNITY CO-OPERATIVE LEARNING TRUST	OUTWOOD ACADEMY WAKEFIELD CITY
LIGHTHOUSE SCHOOL	OUTWOOD GRANGE ACADEMY
LINDLEY C E INFANT ACADEMY	OUTWOOD PRIMARY ACADEMY BELL LANE
LINDLEY JUNIOR SCHOOL ACADEMY TRUST	OUTWOOD PRIMARY ACADEMY KIRKHAMGATE
LOCALA	OUTWOOD PRIMARY ACADEMY LEDGER LANE
OUTWOOD PRIMARY ACADEMY LOFTHOUSE GATE	SITLINGTON PARISH COUNCIL
OUTWOOD PRIMARY ACADEMY NEWSTEAD GREEN	SKILLS FOR CARE LIMITED
OUTWOOD PRIMARY ACADEMY PARK HILL	SODEXO LTD
OWLCOTES MULTI ACADEMY TRUST	SOUTH ELMSALL TOWN COUNCIL
PADDOCK JUNIOR INFANT AND NURSERY SCHOOL	SOUTH HIENDLEY PARISH COUNCIL
PENNINE ACADEMIES YORKSHIRE	SOUTH KIRKBY AND MOORTHORPE TOWN COUNCIL
PINNACLE (W Y POLICE)	SOUTH OSSETT INFANTS ACADEMY
PINNACLE FM LIMITED (KIRKLEES)	SOUTH PENNINE ACADEMIES
PINNACLE FM LTD	SOUTHFIELD GRANGE TRUST
PONTEFRACT ACADEMIES TRUST	SOUTHWAY AT THE RODILLIAN ACADEMY LTD
POOL PARISH COUNCIL	SPEN VALLEY FOUNDATION TRUST
POSSABILITIES CIC	SPIE LTD
PRIESTHORPE SCHOOL TRUST	SPRINGWELL ACADEMY LEEDS (left 31/03/20)
PRIESTLEY ACADEMY TRUST	SSE CONTRACTING LTD
PRIMROSE LANE PRIMARY FOUNDATION SCHOOL	ST ANNE'S (BRADFORD) COMMUNITY SERVICES
PROGRESS TO CHANGE (CARDIGAN HOUSE)	ST ANNE'S COMMUNITY SERVICES
PROGRESS TO CHANGE (RIPON HOUSE)	ST ANTHONYS CATHOLIC (VA) PRIMARY SCHOOL
PROSPECTS SERVICES (BRADFORD 3)	ST AUGUSTINES CATHOLIC PRIMARY SCHOOL
PROV CARLTON BOLLING COLLEGE	ST EDWARDS CATHOLIC (VA) PRIMARY SCHOOL
PROV NORSE COMMERCIAL SERVICES LTD (WELLSPRING ACADEMY TRUST)	ST FRANCIS CATHOLIC PRIMARY SCHOOL

PARTICIPATING EMPLOYERS	
PROV WRAT CLEANING CONTRACT	ST FRANCIS OF ASSISI CATHOLIC (VA) PRIMARY SCHOOL
PUDSEY GRANGEFIELD SCHOOL	ST GREGORY THE GREAT CATHOLIC ACADEMY TRUST
PUDSEY SOUTHROYD PRIMARY SCHOOL TRUST	ST JOHN'S (CE) PRIMARY ACADEMY TRUST
RAINBOW PRIMARY FREE SCHOOL	ST JOHN'S APPROVED PREMISES LIMITED
RASTRICK HIGH SCHOOL ACADEMY TRUST	ST JOHN'S PRIMARY ACADEMY RISHWORTH
RAWDON PARISH COUNCIL	ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL WETHERBY
RED KITE LEARNING TRUST (HARROGATE HR HUB)	ST JOSEPHS RC PRIMARY SCHOOL (TODMORDEN) RCAT
RED KITE LEARNING TRUST (LEEDS EAST HR HUB)	ST MATTHEWS C E PRIMARY SCHOOL
REEVY HILL PRIMARY SCHOOL	ST MICHAEL & ALL ANGELS J & I
RENEWI UK SERVICES LIMITED	ST NICHOLAS CATHOLIC PRIMARY SCHOOL
RODILLIAN ACADEMY	ST OSWALDS CHURCH OF ENGLAND PRIMARY SCHOOL
ROOK'S NEST ACADEMY	ST PATRICKS CATHOLIC (VA) PRIMARY SCHOOL
ROTHWELL ST MARYS CATHOLIC (VA) PRIMARY SCHOOL	ST PAULS CATHOLIC (VA) PRIMARY SCHOOL (left 31/03/20)
ROUNDHAY ST JOHNS C E (VA) PRIMARY SCHOOL	ST PETERS C E PRIMARY SCHOOL
ROYDS COMMUNITY ASSOCIATION	ST PHILIPS CATHOLIC PRIMARY SCHOOL
ROYDS LEARNING TRUST	ST THERESAS CATHOLIC PRIMARY SCHOOL
RUSSELL HALL FIRST SCHOOL	ST URBANS CATHOLIC (VA) PRIMARY SCHOOL
RYBURN VALLEY ACADEMY	ST VINCENT DE PAUL SOCIETY (ENGLAND & WALES)
RYHILL PARISH COUNCIL	STAR ACADEMIES TRUST
SACRED HEART CATHOLIC (VA) PRIMARY SCHOOL	STRAWBERRY FIELDS PRIMARY SCHOOL
SALENDINE NOOK ACADEMY TRUST	SUEZ RECYCLING AND RECOVERY UK LIMITED
SALTERLEE ACADEMY TRUST	TAYLOR SHAW LIMITED (GORSE ACADEMIES TRUST)
SALTERLEE J & I SCHOOL	TAYLOR SHAW LIMITED (GORSE AT ELLIOTT HUDSON COLLEGE)
SCOUT ROAD ACADEMY	TAYLORSHAW LTD (COOKRIDGE HOLY TRINITY SCHOOL)
SEA FISH INDUSTRY AUTHORITY	TAYLORSHAW LTD (CROSSGATES BEECHWOOD WHITELAITH)
SERVEST (B B G ACADEMY)	TAYLORSHAW LTD (FIELDHEAD GRIMES MANSTON)
SHARE MULTI ACADEMY TRUST	TAYLORSHAW LTD (PARKLANDS PRIMARY)
SHIBDEN HEAD PRIMARY ACADEMY	TAYLORSHAW LTD (SWARCLIFFE PRIMARY SCHOOL)
SHIPLEY COLLEGE	THE ANAH PROJECT
SHIRLEY MANOR PRIMARY ACADEMY	THE BISHOP KONSTANT CATHOLIC TRUST
THE BISHOP WHEELER CATHOLIC ACADEMY TRUST	UNIVERSITY OF HUDDERSFIELD
THE CO-OPERATIVE ACADEMIES TRUST	UNIVERSITY TECHNICAL COLLEGE LEEDS
THE CROSSLEY HEATH ACADEMY TRUST	VICTORIA PRIMARY ACADEMY (left 31/03/20)
THE FAMILY OF LEARNING TRUST	W.Y. FIRE & RESCUE AUTHORITY
THE GORSE ACADEMIES TRUST	WAKEFIELD & DISTRICT HOUSING LTD

PARTICIPATING EMPLOYERS	
THE GREETLAND ACADEMY TRUST	WAKEFIELD CITY ACADEMIES TRUST
THE JOHN CURWEN CO-OPERATIVE PRIMARY ACADEMY	WAKEFIELD COLLEGE
THE LANTERN LEARNING TRUST	WAKEFIELD M.D.C. COUNCILLORS
THE MFG ACADEMIES TRUST	WATERTON ACADEMY TRUST
THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE	WEST YORKSHIRE COMBINED AUTHORITY
THORNHILL JUNIOR AND INFANT SCHOOL	WEST. YORKS. POLICE CIVILIAN
THORNTON PRIMARY SCHOOL	WESTWOOD PRIMARY SCHOOL TRUST
THORP ARCH LADY ELIZABETH HASTINGS C E (VA) PRIMARY SCHOOL	WETHERBY HIGH SCHOOL
TNS CATERING (SPTA)	WETHERBY TOWN COUNCIL
TNS CATERING MAN LTD (ST BOTOLPHS)	WHINMOOR ST PAULS C E PRIMARY SCHOOL
TODMORDEN TOWN COUNCIL	WHITEHILL COMMUNITY ACADEMY
TOGETHER HOUSING ASSOCIATION LTD (GREENVALE)	WILLIAM HENRY SMITH SCHOOL
TOGETHER HOUSING ASSOCIATION LTD (PENNINE)	WILSDEN PRIMARY SCHOOL
TONG LEADERSHIP ACADEMY	WOLSELEY UK LTD
TRINITY ACADEMY HALIFAX	WOODKIRK ACADEMY
TURNING LIVES AROUND	WOODSIDE ACADEMY
TURNING POINT (left 31/03/20)	WORTH VALLEY PRIMARY SCHOOL
TURNING POINT (WAKEFIELD)	WRAT - LEEDS EAST ACADEMY
UNITED RESPONSE	WRAT - LEEDS WEST ACADEMY
UNIVERSITY ACADEMY KEIGHLEY	YORKSHIRE PURCHASING ORGANISATION
UNIVERSITY OF BRADFORD	

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 2019-20

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 2020 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

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

2.1 Code of Corporate Governance.

The Council's Code of Corporate Governance adopts the seven core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

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

2.2 The Constitution of the Council

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

2.3 Covid Emergency Arrangements

As reported to the 24 March meeting of Executive in order to ensure an appropriate response to the Covid crisis, a new temporary command structure was established in order to oversee decision making and to shape and respond to key issues across Council services and across the Bradford District:

West Yorkshire Local Resilience Forum met daily to undertake regional coordination of actions and arrangements across partners including the Emergency Services, Local Authorities, Government agencies, utilities, rail industry and voluntary sector. It included working with military planners.

District Gold Command was a multi-agency body of senior leaders that was chaired by the Council's Chief Executive. It met weekly to undertake Bradford District wide coordination and information sharing. Following the conclusion of the initial emergency response phase in July 2020 the District Command Structure was stepped down. However, the need for a coordinated approach to recovery remained and partnership arrangements were refreshed to take on this responsibility. The **Public Service Executive** is a multi-agency body of senior leaders, chaired by the Council's Chief Executive. Its function is to oversee the implementation of the next phase of the Bradford District Recovery Plan; to enable chief executives to make rapid tactical decisions and coordinate actions; and to support the Wellbeing Board to develop the next District Plan.

Council Gold Command was comprised of the Council's senior management team. It met twice a day on most days and set overall policy & strategy for dealing with Covid 19. Council command was responsible for decision-making and the release of resources and the coordination of risks and issues. It informed regional and national bodies as appropriate of the situation on the ground and its members liaised closely with the Council's political leadership.

District Silver Command was a multi-agency body meeting twice weekly to support District wide activity and sharing of intelligence. It is chaired by the Council's Strategic Director for Place.

Council Silver Command met twice a week and was responsible for tactical management of the incident, including operational overview and identification. It is responsible for bringing important decisions and issues to Council Gold Command and for ensuring that Gold strategy is followed.

Bronze was a multi-agency approach to resolving operational issues relating to each priority theme, identification of decisions for agreement at Silver or to Gold for awareness and the implementation of decisions.
Arrangements were put in place to ensure that the Council's political leadership were involved in significant decisions, kept informed of emerging issues, could share information and intelligence and was supported to undertake effective political management of sensitive issues. The Leader of Council met daily with the Chief Executive and the Strategic Director, Corporate Resources, to review decisions and their implementation, update on issues and share information. Portfolio holders were involved as far as possible in decisions in their areas of responsibility and kept briefed and updated in this fast moving situation.

The Council's Executive meets weekly with its management team to discuss the situation. The Executive met informally every other day to discuss progress. All Councillors received regular written updates. A number of Council meetings were cancelled as the Council, like many others across the country and the region, sought to identify a technical solution that enabled meetings to be held remotely in ways that meet legal requirements and support full public participation.

Protocols for remote meetings and key meetings of the Council have now been developed. The 24 March meeting of Executive was held remotely via teleconference. The Executive approved the recommendations as set out to be enacted by the Chief Executive under delegated powers contained in Article 14.20 of the Constitution

3. Review of Effectiveness

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

In December 2017, the Council agreed a revised Code of Corporate Governance to incorporate new guidance from CIPFA and SOLACE. An exercise took place in 2018 and repeated in 2019, on how the Council complied with its new code and any assurances that can evidence this position. Due to the Covid Crises it was not possible to update the position in 2020 A comprehensive review of the Council's Governance Assurance processes will take place in the 2020-21 financial year that includes an audit of the emergency arrangements that operated in the first quarter.

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

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are provided at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an Annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed by Public Sector Internal Audit Standards. Whilst a number of operational control issues have been identified the overall Internal Audit Annual Opinion is unqualified.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors. The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

The Council liaises closely with the Information Commissioner's Office in reporting and disclosing information security risks and incidents, and to ensure it discharges fully its duties under the Data Protection Act 2019.

The outcome of the review of effectiveness provided the necessary assurance and no significant issues were identified, with the exception of the need to continue to improve Children's Safeguarding services.

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control.

However, the Council is not complacent and seeks to continually improve the arrangements it has in place. Whilst recognising improvements to date, the emphasis going forward is to address identified issues and put in place an improvement plan to address known areas of concern. The Governance and Audit Committee will be kept informed of progress.

In the 2018/19 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 23rd

January 2020. The following sections give an update on these risks. Whilst one of these risks was mitigated during the 2019/20 financial year, two risks are continuing to be monitored and remain high profile in 2019/20.

The Council's response to the COVID crises remains core to the Council's approach to governance and will be monitored through the 2020/21financial year

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

5.1 General Data Protection Regulations.

The Council's Information Assurance, Management and Governance framework has been refreshed and an action plan/work programme developed to allow for continued and regular monitoring of GDPR compliance through the Council's Information Asset Owners (Directors and Assistant Directors). An Internal Audit has been undertaken, Council wide, and any recommendations to improve GDPR compliance will be added to the action plan/work programme.

6. Governance challenges previously recognised which require continuing review in 2020/21

6.1 Safeguarding Vulnerable Children

The latest OFSTED Monitoring visit took place in February 2020 with a future monitoring visit waiting to be arranged. The Council's response to meet the improvements required is the establishment of the four Programmes below,

Prevention and Early Help
Social Work Practice
Leadership and Management
Children in Care / Leaving Care

High focus areas are to:
- Improve standards and performance of Social Work practice working with children and families known to Children's Social Care (CSC)
- Establish and maintain a stable, funded and demand led CSC structure which supports the needs of children, increases the number of permanent staff and reduces the reliance on agency workers over time
- Support partners to increase the number of lead practitioners and through Early Help to support children with multiple or complex needs; thereby reducing the demand on CSC
- Safely reduce the number of children in care by returning home or securing permanence
- Improve the quality and sufficiency of placements for children in care which support their holistic needs; while reducing Out of Area places
- Improve the quality and use of data and intelligence to support decision making, direct practice and target provision across the children's system
- Improve the functionality of case management systems to support effective practice and budget management.

Highlights this period and areas for practice improvement over the coming months

- The practice standards have been signed off and distribution is being supported by a programme of training and learning
- Permanence tracker has been developed from scratch and is actively being populated
- Performance against key indicators is on an upward trajectory
- All Social Work documents have been re-written and are now compliant with statutory requirements. These are with ICT colleagues.
- The Early Help Module is in the final stages of testing – once this is live, we will finally address the long standing issue of high volumes of no further action cases at the front door
- Supervision policy is now in draft and being consulted on
- Fostering allowance policy has been drafted and legal advice sought. Further work required and financial implications to be presented to Departmental Management Team.
- Planning for the next Ofsted monitoring visit well underway
- Progress in the Integrated Front Door is moving at pace.
- A new challenge and resolution process has been implemented for child protection co-ordinators and for the Independent Reviewing Officers to ensure avoidance of drift and delay

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

The Strategic Partnering Agreement has been in place since Spring 2019, which sets out the wider Governance framework for policy direction and decision making across the partnership. The governance and implementation arrangements around this continue to evolve.

Work to review and refresh the Section 75 agreement commenced in 2019 and will be resumed following a pause during the Covid emergency. A contract variation to cover the Covid-19 hospital discharge planning guidance is being completed through a standalone partnership board. Governance for this scheme will be provided by the Partnership Board, which will provide financial and commissioning oversight of Covid-19 related activity and expenditure under the scheme.

The System governance and programmes have been reviewed and new arrangements are in place, including the new health and care system Executive Board which replaces the ICB. The Board has also set up new sub committees which cover system Quality & Safety and Finance and Performance related issues.

The review of the Health and Wellbeing Board has been completed, which has resulted in the new Wellbeing Board. The new Board includes Chairs of each of the key strategic partnerships such as the Economic Partnership and the Children's Trust. Work is underway to refresh the District Plan and the infrastructure to support the delivery of partnership activity. One of the initial priorities for the group will be on addressing inequalities.

7. New 2020/21 Governance Challenges

In response to the Covid crises the Council is now required to consider the leadership, plans and actions that will be required over the medium and long term as it seeks to lay the foundations for a better future through

- Promoting equality and social justice and promoting an inclusive and connected economy.
- Early Help and prevention supporting the empowerment of individuals, families and communities.
- Working to become a child friendly city.
- Sustainable and inclusive development and use of resources.

Decision making will be informed by what is already known of the District, its challenges and significant asset base, the known impact of Covid 19, and what can be reasonably assumed about the future. This will also include the opportunities afforded through regional devolution and by the need to deliver inclusive and sustainable economic growth to which everyone can contribute and from which everyone can benefit.

In respect of risk management and governance, the situation continues to change and is characterised by a very high degree of uncertainty about impact on services and on Council resources. Assessment of risk is being kept under on-going review by senior management and the overarching impact of the crisis on Council responsibilities and service delivery will require the Council's Strategic Risk Register to be reviewed once the impact and the consequences of the crisis are better understood.

Legally, The Coronavirus Act 2020 is the government's main legislative change in response to the pandemic. Most of its provisions came into effect on 25th March 2020, but detailed further legislation in the form of statutory instruments, and government guidance have been issued since that date and continue to be published.

It is too early to understand the full equality and diversity impact of the Covid crisis. The emerging evidence, however is the impact of the Covid virus itself, the measures taken in lockdown and the likely future will all have a disproportionate impact on those with protected characteristics. Therefore, equalities will need to be at the heart of the Council's response and long term work around Covid.

A comprehensive review of the Council's Governance Assurance processes will take place in the 2020-21 financial year that includes an audit of the emergency arrangements that operated in the first quarter.

8. West Yorkshire Pension Fund

The Council is the administering authority for West Yorkshire Pension Fund (WYPF). WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 (Regulation 55) and its predecessor, Regulation 31 of the LGPS 2008.

The Governance and Audit Committee has legal and strategic responsibility for WYPF. The Council has established three bodies to assist and support the Governance & Audit Committee oversee WYPF:

- WYPF Investment Advisory Panel and
- WYPF Joint Advisory Group
- WYPF Pension Board

WYPF Investment Advisory Panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment.

WYPF Joint Advisory Group has overall responsibility for overseeing and monitoring the WYPF's pensions administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition, the Group approves the budget estimates for the pensions administration and investment management functions of WYPF, and also receives WYPF's Annual Report and Accounts.

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

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

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

- West Yorkshire Pension Fund has adopted the Council approved approach to risk management.

- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management.
- Risks are monitored and MAPs reassessed regularly.
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting on 30 July 2020.

9. Statement

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

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

Councillor Susan Hinchcliffe, Leader of Council

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

Kersten England, Chief Executive