



City of Bradford Metropolitan District Council

# DRAFT STATEMENT of ACCOUNTS 2025/26



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**SECTION – 1**

**NARRATIVE REPORT AND STATUTORY CERTIFICATIONS**

**DRAFT**

# Narrative Report

## Introduction

This Narrative Report provides an overview of the City of Bradford Metropolitan District Council's financial performance and position for the year ended 31 March 2026, and should be read alongside the Statement of Accounts. The purpose of the Narrative Report is to assist the reader in understanding the Council's financial activities, major influences on performance during the year, the financial position at year end, and the key issues and risks facing the Council in the medium term.

The 2025-26 financial year was a pivotal year for the Council. It represented the third year of operating under Exceptional Financial Support (EFS) and a period of significant financial control, service transformation and stabilisation following unprecedented financial pressures in earlier years. During the year, the Council also received confirmation of long-awaited national funding reforms, which significantly strengthened the outlook for future financial sustainability.

## Welcome to Bradford District

Bradford is England's 5th biggest metropolitan district and among its youngest and most diverse. The Council serves a growing population of 563,600 and over 16,000 businesses across an area of 141 square miles.

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

Bradford is building on the legacy of its outstanding year as UK City of Culture 2025 with creative and cultural industries playing a key role in its regeneration plans alongside a pipeline of transformational regeneration and infrastructure projects that are designed to unleash the District's significant potential for growth. □



## Some Key Facts about the Area

### Population

- The Bradford District forms the fifth largest Metropolitan Local Authority District in England with a population of 560,600 people (Mid Year Population Estimates 2024) set to grow to 370,000 by 2032 and is home to 209,000 households..
- Bradford is amongst the youngest cities in the UK, with 26.7% of people aged under 20 and the median age of 36.8 is lower than the regional and national averages.
- Bradford is a highly diverse district with ethnic minorities forming 43.3% of the population and where over 165 languages are spoken.□

### Bradford's Economy - Unrivalled growth potential

- Bradford represents one of the UK's most significant opportunities to deliver growth at scale. With over 16,600 businesses and 198,000 jobs, 11.6% of which are in manufacturing, the District's economy is worth more than £13bn (GDP).
- Strengths include high-value production businesses across a range of sectors including food manufacturing, engineering, chemicals, digital technologies, energy and utilities, RF and Microwave and a growing space and satellite technology cluster. Meanwhile, the University of Bradford is at the forefront of innovation in space, AI and sustainability and hosts a high performing business school.
- Many businesses support international supply chains in sectors such as automotive, construction, finance and health, making Bradford one of the most globally connected places in the UK. Bradford exports goods and services worth some £3.5 billion a year□
- High business start-up rates reflect a tradition of hard graft and self-reliance and help to cement Bradford's reputation as hotbed of enterprise and innovation. Bradford was ranked the UK's most Entrepreneurial City in 2024 by Wildcat Digital for its dynamic business environment, strong community support for entrepreneurs and its rapid growth in start-ups. It has been recognised by Barclays Bank as the best place in Britain to start a business and named among the Sunday Times top 20 cities for business growth citing its ambition, youth, regeneration pipeline and support to small business.
- There is however, a productivity and skills gap compared to the rest of the country and achieving national levels of productivity would add £7bn to the local economy.

### Bradford's growth pipeline

A pipeline of regeneration projects has come to fruition in 2025-26, and transformational plans have been progressed to support growth and productivity.

City centre projects delivered in 2025 include:

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

## Some Key Facts about the Area (continued)

Local, regional and national partners are working together on a series of long-term projects to unlock Bradford's full productive potential which would see billions added to its economy. Bulit Different, the Growth and Regeneration Plan for the District identifies seven game changing opportunities:

- City Centre Rail Infrastructure. Inclusion in the first phase of Northern Powerhouse Rail, a new £2bn city-centre rail station, with faster connections to other cities Leeds 12 mins, Manchester 30 mins which will lock Bradford into the northern rail network, better connecting us with Leeds, Manchester and beyond;
- Mass transit. As part of West Yorkshire Combined Authority, Bradford is developing plans for mass transit with the first phase of a proposed tram network running from Bradford to Leeds.
- Southern Gateway is a unique opportunity to deliver up to 5,000 new homes, 440,000 m<sup>2</sup> of new employment space, and 23,000 new jobs on a site with the potential to be the “King's Cross of the North”.
- City Village. Plans for 1,000 new homes in an inner-city, low-carbon neighborhood.
- Pride in Place (Towns Fund – Keighley & Shipley): The Pride in Place Fund is part of the Levelling Up the UK economy plan introduced by the government and designed to drive sustainable economic regeneration and productivity across the UK. Keighley and Shipley have secured funding, and this significant investment will deliver improvements to the town centres and provide jobs and training opportunities, as well as wider cultural and social benefits for the towns. Phase 2 of Pride in Place has been announced for Holmewood (£20m) and Ravenscliffe (£20m) this is in early stages of governance assessment and will be a combination of capital and revenue grant funding.
- Hybradford. The Council is working with partners to deliver a low carbon hydrogen facility, which will be the UK's biggest facility of its kind, Hybradford, a state of the art hydrogen fuel centre.
- Airedale Hospital. Funding of over £1 billion has been secured to develop a new hospital based on the new Hospital 2.0 template; Keighley Health and Wellbeing Hub will act as a pilot to ensure that the new hospital is built alongside transformation of community services

## Inequality and deprivation

- Bradford District is home to some significant challenges including high levels of entrenched deprivation and inequality
- Bradford ranked 12th overall on the Index of Multiple Deprivation in 2025, and as the 4th most income deprived.
- More than a third of neighbourhoods are among the 10% most deprived in the country.
- Over 52,000 children live in poverty. The proportion of children living in relative poverty (42.8% in 2024) is among the highest in the country and significantly above regional (30.8%) and UK (26%) rates. Bradford has 26.3% of West Yorkshire's under 16 population yet accounts for 32% % of its total child poverty. Between 2015 and 2024 the number of children living in poverty rose by over 12,400.
- Life expectancy in the District's poorest wards is around 10.4 years lower for females and 11.9 years lower for males than in its most affluent wards.
- High levels of deprivation drive demand for public services and the costs of providing them.

## About the Council

The Council strives to secure better outcomes and equality of opportunity for everyone in the district. It employs approximately 7,000 people (excluding schools).

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

The Council plays a leading role in West Yorkshire Combined Authority, collaborating with the Mayor and other West Yorkshire Authorities on key strategic issues as part of a £1.8bn devolution deal.

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

### Did you know.....

#### The Council is responsible for:

- 42 community schools
- 10 sports & leisure centres containing 6 swimming pools and 4 recreation centres with sport facilities.
- 226 parks, gardens, open spaces and cemeteries
- 422 units of social housing
- collects over £430m Council Tax and Business Rates each year
- administers £120m housing benefit
- maintaining 1,855km of roads, paths and verges

#### It also:

- Made 12 million bin collections, collecting of an average of 100,000 tonnes of household waste annually
- Issued 7,943 Education and Health Care Plans
- Dealt with 2,471 planning applications
- Issued 9,442 taxi licences
- Registered 7,124 birth; Prepared 4,173,432 school meals
- Replaced 5,356 street lights; Repaired 11,432 potholes

## Strategic Leadership

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

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

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

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

The Executive, in financial year 2025-26, was comprised of six Councillors including the Leader and Deputy Leader, each of whom has special responsibility for a specific portfolio. Executive responsibilities are allocated by the leader, and the Executive takes decisions collectively, in public. Some Executive functions are delegated to Area Committees where they are only concerned with local priorities and circumstances.

## About the Council (continued)

### Best Value Notice, Independent Panel and CIPFA

The government issued a Best Value Notice to Bradford on 29 February 2024, formally notifying the Council of serious concerns. It required the Council to deliver improvements at pace.

The Best Value Notice was lifted on 27 February 2025 after an unprecedentedly brief one-year duration in recognition of the positive progress that the Council is making which was identified in the CIPFA Review undertaken in 2024 which:

- commended the council leadership team for the drive, determination and attention to detail they have brought in establishing a new focus and culture;
- recognises that the council has increased its grip on governance and has the right approach to provide the appropriate levels of financial control and to embed a sustained culture of increasing financial awareness and literacy across the organisation;
- determined that BCFT have taken a similar approach and that improvements in the relationship between the council and the Trust had “turned a corner”;
- confirmed that the key driver for the Council's financial position was the increasing cost of residential placements for looked after children, the number of children still needing to be in care and spend on agency staff which are all areas BCFT are working to address; and
- identified that there is a 'laser like' focus on addressing the underlying aspects of financial fragility.

Following the publication of the Best Value Notice in February 2024, the Council established an Improvement Panel to provide external scrutiny and advice. This was in response to recommendations from a CIPFA Review undertaken in 2023 which set out concerns about the Council's financial resilience and control, its capacity to transform and the relationship with Bradford Children and Families Trust.

The Panel was comprised of independent members who are industry experts with extensive expertise of local government, finance and children's services.

The Panel:

- provided challenge and acted as a critical friend;
- provided support and guidance;
- identified and signposted appropriate good practice; and
- aligned with the work of the Bradford Children's Services Improvement Board, chaired by the Department for Education appointed Commissioner.

The Council asked the Panel to:

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

The Panel commended the leadership's commitment and the implementation of a robust Medium-Term Financial Strategy, improved governance, and a renewed focus on economic growth and community engagement. While acknowledging the challenges ahead, the report highlights the Council's strengthened leadership, enhanced corporate services, and strategic planning as key drivers for sustainable transformation. The panel stood down in August 2025.

## The District and Council Plans

The Council and its key partners have agreed a District Strategy which sets out their shared ambitions and high level strategic direction for the District. These shared ambitions have informed the development of the Council Plan 2026-2035:

- Growth and Regeneration
- Safe and Strong Communities
- Happy and Healthy Residents
- A Great Place to Grow Up

The Council Plan acts as the Council's work programme and sets out the contribution it will make towards achieving District wide ambitions.

A significant Transformation Programme underpins deliver of the plan in recognition of the fact that to deliver on its shared ambitions and achieve financial sustainability it must use the opportunities offered by new technology, innovation and data to transform the way it delivers services, works with residents and to streamline and consolidate currently fragmented activity.

### The Improvement Plan

The Council's improvement plan set out a medium term approach to returning the council to financial sustainability by safely reducing costs whilst targeting performance improvements. The improvement plan can be reviewed in full in the 2026/27 Medium Term Financial Strategy Appendix A.

The plan was externally and independently challenged through the Best Value Improvement Panel, CIPFA and MHCLG monitoring arrangements. The council quickly moved on from what was essentially an emergency approach to a structured, planned approach to service improvement and transformation. The improvement plan is being delivered ahead of schedule

The council has entered the fourth phase of improvement which is Transformation. Throughout the last year the Improvement panel has been updated on the approach, progress to date, and strategic thinking regarding the organisation's future operating models which forms the blueprint for the transformation programme.

Further work has been completed to ensure alignment and a golden thread from the District Plan, through to the Council Plan, Transformation Plan and Service Plans has been established and these documents are all linked to deliver a coherent plan and benefits. The transformation programme and governance has now been designed to deliver both the future operating model for the council, supporting our journey to a financially sustainable position.



# Financial Performance

## Financial Standards, Culture and Change

The new Finance restructure is now in place and there has been significant recruitment to increase capacity and capabilities within the Department. A structured graduate trainee accountant programme and apprenticeship has been developed for Finance with new colleagues appointed into these roles. This will assist in succession planning, and also help develop new members of the team to a highly skilled level.

Financial services is on a journey to become 'Best in Class', this is reflected within the strengthened financial standards, the growing ambitious culture and the collective movement toward driving change and innovation.

This year's draft Statement of Accounts were prepared, completed and issued on the 30th April 2026, two months in advance of the statutory deadline. This has been achieved through introducing radically more efficient working practices, adopting a highly aspirational attitude to financial management, investment in staff development through training and working to embed a culture of continuous improvement.

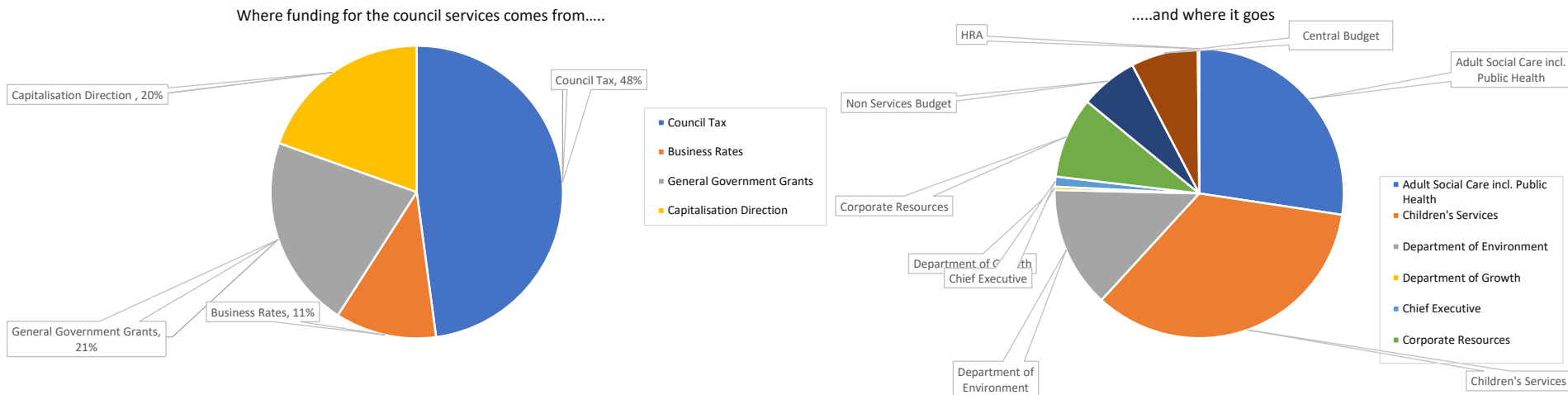
### Summary

Band D Council Tax for 2025/26 was set at £1,871.88, an increase of 9.99% on the previous year. Other key sources of revenue funding are:

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

The net revenue budget was set at £591.6m for 2025/26 (including capital charges and contingencies). Allocations to service areas are shown below:

The Council's Net Revenue Budget for 2025/26



Actual expenditure in 2025/26 was managed to underspend against the overall budget. **Page 27** of the Statement of Accounts sets out net revenue costs by service area in 2025/26, and the Expenditure and Funding Analysis in **Note 8** provides further details of the Council's income and expenditure.

## Revenue Expenditure

A summary of the outturn of the General Fund for 2025/26 at Directorate level is set out below. The 2025/26 actual figures are compared with the revised budget.

	A	B	B-A
	Final Revised Budget	Actual	Over/(under Spending)
	£'000	£'000	£'000
Adult Social Care incl. Public Health	190,578	192,787	2,209
Children's Services	244,674	243,175	(1,499)
Department of Environment	97,725	94,644	(3,081)
Department of Place	47,806	45,347	(2,459)
Chief Executive	4,685	2,580	(2,105)
Corporate Resources	64,894	62,674	(2,220)
Non Service Budgets	7,100	7,086	(14)
Central Budgets	(58,266)	(59,294)	(1,028)
Housing Revenue Account	-	-	-
<b>Total for Directorates</b>	<b>599,196</b>	<b>588,999</b>	<b>(10,197)</b>
Financing and Investment	72,053	65,550	(6,503)
Other Operating Expenditure	7,005	7,005	-
Capital Grants and Contributions Received	(86,631)	(86,631)	-
<b>Bradford Expenditure</b>	<b>637,520</b>	<b>620,820</b>	<b>(16,700)</b>
Capitalisation Direction	(127,100)	(113,000)	14,100
Revenue Support Grant	(44,007)	(44,007)	-
National Non-Domestic Rates (NNDR)	(64,634)	(64,634)	-
Top-up Grant	(79,349)	(79,349)	-
Council Tax	(276,533)	(276,533)	-
<b>Over/(Under) Budget</b>	<b>45,897</b>	<b>43,297</b>	<b>(2,600)</b>
Contribution to/(from) Earmarked Reserves			2,600
<b>Net Over/(Under) Budget</b>			<b>(14,100)</b>

## Capital Expenditure

The capital outturn was £220m in 2025/26, of which £113m was the Capitalisation Direction (CD) granted by the Government. The capital programme is financed from a variety of sources, principally capital grants and contributions, external or prudential borrowing and sales of Council assets as shown in **Note 22**

Major items of capital programme expenditure consist of:

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

CAPITAL SUMMARY	Final Revised Budget	Expenditure	Variance
	£'000	£'000	£'000
Adult Social Care, Health & Housing	10,493	9,429	(1,064)
Children's Services	24,587	15,686	(8,901)
Department of Growth	82,987	53,026	(29,961)
Department of Environment	22,193	19,501	(2,692)
Corporate Resources	15,625	8,388	(7,237)
Housing Revenue Account	1,492	814	(678)
Pipeline Schemes and Contingencies	10,202	-	(10,202)
Slippage	(45,000)	-	45,000
Capitalisation Direction	113,000	113,000	-
<b>Total</b>	<b>235,579</b>	<b>219,844</b>	<b>(15,735)</b>

### Where the money came from to pay for the spending on capital schemes in 2025-26:

In addition to the CD, the Council can borrow to fund capital investment. It sets and observes a range of indicators covering the level of capital expenditure and the cost of financing, to ensure borrowing is responsible and affordable. One such measure is the Council's Capital Financing Requirement (CFR), which represents the amount of Council's capital expenditure funded by internal or external borrowing. In 2025-26 CFR increased to £1,163.3m from the £1,078.5m in 2024-25.

The main reason for the increase in the Capital Financing Requirement (CFR) was the Capitalisation Direction (CD) granted by the Government (£113m in 2025–26). Higher capital expenditure during the year also contributed to the rise, as a increased spend funded by borrowing. Alongside borrowing, the Council also funds its capital programme through capital grants, the reinvestment of capital receipts, and the use of revenue resources.

In 2025-26 the capital programme spending of £220m was funded as follows:

- £121.5m (55.0%) by borrowing including CD generating capital financing charges which will form part of future revenue spending.
- £69.4m (31.0%) from government and other grants.
- £23.2m (11.0%) from capital receipts.
- £5.7m (3.0%) from revenue contributions (Schools and PFI).

## Capital Expenditure (Continued)

Capital commitment has decreased to £34.7m in 2025-26 from £50.4m in 2024-25 mainly due to completion of some of the Transforming City Fund scheme contracts. Darley Street Markets has also completed in 2025/26. During the year, new contracts were entered into for large capital schemes such as Food Waste Vehicle Replacement, Warm Homes, and Active Travel.

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



City Village

## Schools

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

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

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

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

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

In 2025-26 no schools converted to Academy status. For further information on how the Council decides which schools should be included on its Balance Sheet see the Critical Judgements in Applying Accounting Policies on page 50.

## Treasury Management

The Council 's year-end treasury debt position for 2025-26 compared to 2024-25 is summarised in the table below:

	2024-25	2025-26
	£'000	£'000
<b>Fixed Rate Borrowing:</b>		
PWLB	540,600	534,114
Market	36,200	36,200
Other Sources	11,900	7,259
Short term borrowing	149,000	161,000
<b>Total debt as per Treasury Management Outturn Report</b>	<b>737,700</b>	<b>738,573</b>
In year carrying value adjustment	1,500	1,508
<b>Total debts as at 31 March</b>	<b>739,200</b>	<b>740,081</b>

£56.483m PWLB (Public Works Loan Board) loans matured in 2025-26 with an average rate of interest of 6.1%. Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement CFR) new PWLB borrowing undertaken this year was £50m with an average interest rate of 4.45%. The Council had £161m of short- term loans with other local authorities at 31st March 2026.

## Balance Sheet

The Balance Sheet on **page 29** sets out the Council's assets and liabilities at 31 March each year:

2024/25		2025/26
£'m		£'m
1,049	Property plant and equipment	1,049
36	Heritage assets	36
43	Investment property	33
10	Other long and short term assets	9
4	Long and short term investments	4
164	Debtors	125
84	Cash and Cash equivalents	89
<b>1,390</b>	<b>TOTAL ASSETS</b>	<b>1,345</b>
(747)	Long and short term borrowing	(748)
(162)	Creditors and receipts in advance	(148)
(9)	Provisions	(9)
(73)	Pension Fund liabilities	(68)
(175)	Other long term liabilities	(165)
<b>(1,166)</b>	<b>TOTAL LIABILITIES</b>	<b>(1,138)</b>
<b>224</b>	<b>NET ASSETS</b>	<b>207</b>

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

Most external borrowing (over 72%) is fixed rate loans from the Public Works Loan Board, averaging 4.9% interest rates and repayable between 2025 and 2072. £56.483m PWLB (Public Works Loan Board) loans matured in 2025-26 with an average rate of interest of 6.1%. New PWLB borrowing undertaken during the year was £50m with an average interest rate of 4.45%. The Council had £161m of short-term loans with other local authorities at 31st March 2026.

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

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

The Council has maintained cash balances within target levels during 2025/26. A comprehensive cash flow and treasury management system ensures that surplus cash is invested wisely, that any new borrowing represents value for money, and that there is sufficient cash available to meet liabilities as they fall due.

## Usable and unusable reserves

Net assets in the Balance Sheet are matched by reserves which are classified as either usable or unusable. Unusable balances reflect statutory or accounting requirements and cannot be used to fund services. At 31 March 2026 total unusable reserves were £115.9m (£21.7m at 31/03/2025), see **Note 29** for further details.

Useable reserves totalled £321.3m (£247.8m at 31/3/2025). This balance represents a combination of:

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

Current Council policy is to build a prudent General Fund working balance, necessary to ensure its financial resilience and protect the delivery of services. The aim is to rebuild reserve levels further in the MTFS to strengthen the Council's financial position, ensuring there are sufficient contingency sums, reserves and provisions to address known risks, new emerging risks and unforeseen events.

The adequacy of reserve levels continues to be kept under regular review by the Section 151 Officer as part of the MTFS and risk management process, with the aim of balancing financial resilience against affordability.

## The Collection Fund

The Collection Fund on **page 121** shows the transactions of the Council as a billing authority in relation to Business Rates and Council Tax. Total amounts collected (Business Rate £135.2m and Council Tax £341.8m) in 2025/26 are distributed between the Council, the West Yorkshire Fire Authority, Central Government and the West Yorkshire Combined Authority (PCC function) to help fund provision of services.

The Council Tax collection rate was 93.54% (94.04% in 2024/25), and we aim to improve this to 94% in 2026/27. The Business Rates collection rate was 95.28% (96.45% in 24/25), against a target rate of 96%.

## Social Housing

The Council is required to prepare a separate account for social housing provision and to ensure that expenditure on repairs, maintenance and management is covered by rents and other charges for services and facilities. These transactions are set out in the Housing Revenue Account on **page 114**.

The Council generated rental income of £2.9m in 2024-25 (£3m in 2024-25). Rental income together with other sources of funding such as grant income, is held in a ring-fenced account referred to as the Housing Revenue Account. At 31 March 2025 there were in total 422 dwellings and a working balance of £1.8m.



## Pension Fund

The Council is a member of, and the administering authority for, the West Yorkshire Pension Fund (WYPF). In addition to the Council, 408 other employers are members of the West Yorkshire Pension Fund. These include, for example, local academy schools and not for profit organisations. The Pension Fund Accounts on **page 125** provide details of pension fund transactions during 2025-26.

At end of 2025-26, there is a net pensions liabilities of £44.608m (£47.183m net liability in 2024-25) in teachers' discretionary pension scheme, and a net pension liability of £23.468m in LGF schemes (£25.338m net liability in 2024-25).

Before consideration of a surplus restriction, there was a net pensions asset due to the value of the pension fund assets exceeding the current value of the pension liabilities. The value of the pension fund assets showed an increase as a result of better-than-expected performance from the pension fund assets during the year and the value of the pension liabilities showed a reduction as a result of an actuarial loss due to liability experience.

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

## Group activities

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

- Bradford Children and Family Trust - a company provides high quality services with partners that help safeguard, support and promote the welfare of children, young people and families across the Bradford District.
- New Choices - a company provides a platform of financial and operational stability in readiness to deliver the Council's Reimagining Day Services Strategy and to develop a modern-day service that is local, encourages people to make links into their own local communities, that helps people to find employment and gives them opportunities to be more independent.
- Bradford Live – Bradford Live oversaw the restoration and repurposing of the former Odeon building into a modern live events and conference venue. This project forms a key part of the Council's City Centre regeneration strategy. The Council assumed full control in August 2023. With the project now complete, the company is being wound down

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

## Annual Governance Statement

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement (AGS) alongside the Statement of Accounts.

The AGS provides an evidence-based assessment of the effectiveness of the Council's governance framework, including the system of internal control, for the year ended 31 March 2026, and up to the date of approval of the accounts.

It is prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) and the 2025 Addendum, and draws on a wide range of assurance sources including internal and external audit, inspection outcomes, risk management arrangements, member oversight and senior management assurance.

The AGS sets out the Council's governance framework, the process undertaken to review its effectiveness, significant governance issues and areas requiring improvement, progress made in addressing issues identified in previous years, and a forward look on governance risks and developments.

Based on this review, the Council has concluded that its governance framework, including the system of internal control, has been and remains fit for purpose, operating effectively and supporting the delivery of the Council's objectives, while recognising that further improvements are required in a number of key areas and that actions are in place to address these through the Council's agreed governance improvement plans.

## Outlook and Future Issues

Current forecasts indicate that UK economic growth is expected to remain subdued, with GDP growth projected at approximately 1–1.4% in 2026, while inflation is anticipated to remain volatile, generally in the 2.5–3% range rather than returning quickly to the 2% target. Ongoing conflict and instability in the Middle East has increased the risk of renewed inflationary pressures, particularly through its impact on global oil and gas markets. Disruption to energy supplies, higher geopolitical risk premiums and increased volatility in fuel prices could lead to sustained upward pressure on electricity, gas and transport costs, all of which are significant areas of expenditure for local authorities. For all councils, this presents a heightened risk of cost inflation across utilities, fleet fuel, waste and highways contracts, and inflation-linked service contracts, while also feeding through to higher wage pressures and supplier costs. Prolonged energy-driven inflation would reduce the scope for interest rate reductions, maintaining elevated borrowing costs and further constraining already stretched local authority budgets, particularly in the context of limited reserves and increasing demand-led service pressures.

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

## Outlook and Future Issues (continued)

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

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

In November 2023 the Council identified a structural financial deficit of £120m, which led to the Council applying to the Government for Exceptional Financial Support.

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

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

In order to address the challenging financial position that the Council finds itself in, the Council continues to implement the Improvement Plan approved in November 2024.

The Council's improvement plan set out a medium term approach to returning the council to financial sustainability by safely reducing costs whilst targeting performance improvements.

The plan was externally and independently challenged through the Best Value Improvement Panel, CIPFA and MHCLG monitoring arrangements. The council quickly moved on from what was essentially an emergency approach to a structured, planned approach to service improvement and transformation. The improvement plan is being delivered ahead of schedule.

The improvement plan also addresses the culture, leadership and management capability needed to take forward the transformation at pace. These underpinning issues are being addressed through a number of cross cutting improvement initiatives addressing leadership and management capability, core HR policies and processes and the absence of a Council wide and embedded set of values and behaviours.

The council has entered the fourth phase of improvement which is Transformation. Throughout 2025-26 the Improvement panel has been updated on the approach, progress to date, and strategic thinking regarding the organisation's future operating models which forms the blueprint for the transformation programme.

The transformation programme and governance has now been designed to deliver both the future operating model for the council, supporting our journey to a financially sustainable position.

Financial year 2025-26 is the third year of the financial recovery journey. In March 2025, it was estimated that the recovery period would be 7 years to 2029-30. To date it has required £200m CD for 2023-24 and 2024-25 and £113m for 2025-26.

The final Government Settlement was published on 9 February 2026, this is the first multi-year settlement in over a decade for Local Authorities. The settlement aims to create a fairer, more transparent funding system through the implementation of Fair Funding Review 2.0. Baseline Funding Levels (BFLs) have been recalculated using updated Relative Needs Formulas (RNFs).

Bradford's Core Spending Power will increase by 47.1% between 2024-25 and 2028-29, the 2nd highest of all Metropolitan Districts (MD) and 11th highest nationally.

## Outlook and Future Issues (continued)

The implementation of Fair Funding 2.0 will consequently make a fundamental difference to the Council's financial health over the next 3 years. Whilst it will still require the council to continue to identify and make significant cost reductions, it will enable the council to increase investment in prevention and to resource the ambitions contained in the district strategy and council plan.

As a result of the actions already taken by the Council, the actions being taken and the implementation of Fair Funding 2.0 it is anticipated that the original forecast for capitalisation direction of £570m is now £391m, a reduction of £179m. This is a further reduction of £4m, of exceptional financial support, as reported in the Medium Term Financial Plan (MTFS) and has occurred as the, in year underspend, has been utilised to reduce this borrowing requirement. The Council anticipates it will come out of financial intervention during 2026-27 rather than 2028-29, an improvement of 2 years, subject to continued delivery of the improvement plan.

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

## Further Information

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

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

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

## Explanation of the Financial Statements

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

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

The **Core Statements** are:

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

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

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

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

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

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

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

The **Supplementary Statements** are:

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

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

## Statement of Responsibilities

### The Council's Responsibilities:

The Council is required to:

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

### The Interim Strategic Director Corporate Resources/S151's Responsibilities:

The Interim Strategic Director Corporate Resources/S151 is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Interim Strategic Director Corporate Resources/S151 has:

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

The Interim Strategic Director Corporate Resources/S151 has also:

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

### Issue Date

The date that these Financial Statements were authorised for issue was 30 April 2026. All known material events that have occurred up to and including this date which relate to 2025/26 or before have been reflected in the statements and notes.

### Certification by the Interim Strategic Director Corporate Resources/S151

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Bradford Council as at 31 March 2026 and its income and expenditure for the year then ended. And of the West Yorkshire Pension Fund. I hereby authorise its issue.

30/04/2026

Date




Steven Mair  
Interim Strategic Director Corporate Resources/S151

## Approval of the Statement of Accounts 2025/26

The Audit and Governance Committee of the City of Bradford Metropolitan District Council, constituted on the basis of political balance, under delegation from full Council, approved the Statement of Accounts for 2025/26 on 2026.

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

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Date



**Councillor Angela Tait**

Chair, Audit and Governance committee  
City of Bradford Metropolitan District Council

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements.**

**Opinion**

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## SECTION – 2

### CORE FINANCIAL STATEMENTS

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**Core Financial Statements****Page Number**

- *Comprehensive Income and Expenditure Statement*
- *Movement in Reserves Statement*
- *Balance Sheet*
- *Cash Flow Statement*

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## Comprehensive Income and Expenditure Statement

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

2024/25 restated *				2025/26			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
351,752	(176,346)	175,406		Adult Social Care, Health & Housing (incl. Public Health)	378,747	(185,921)	
648,258	(404,438)	243,820	Children's Services	680,520	(437,858)	242,663	
133,665	(66,172)	67,493	Dept of Environment	176,537	(80,938)	95,599	
71,147	(17,913)	53,234	Dept of Growth	62,531	(17,239)	45,292	
7,710	(4,619)	3,091	Chief Executive	8,709	(6,128)	2,580	
226,469	(139,931)	86,538	Corporate Resources	178,953	(115,187)	63,767	
11,826	(586)	11,240	Non Service Budgets	8,865	(952)	7,913	
64,461	(57,251)	7,210	Central Budgets	26,930	(79,742)	(52,811)	
3,245	(3,043)	202	Housing Revenue Account	1,790	(2,875)	(1,086)	
<b>1,518,533</b>	<b>(870,299)</b>	<b>648,234</b>	<b>Cost of Services</b>	<b>1,523,582</b>	<b>(926,839)</b>	<b>596,743</b>	
		6,671	Other operating expenditure			4,773	5
		25,655	Financing and investment income and expenditure			39,754	6
		(576,824)	Taxation and non-specific grant income and expenditure			(624,299)	7
		<b>103,736</b>	<b>(Surplus)/deficit on provision of services</b>	<b>1,523,582</b>	<b>(926,839)</b>	<b>16,970</b>	
		(291)	(Surplus) or deficit on financial assets measured at FVOCI			14	29e
		(41,444)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(7,013)	29a
		132,634	Remeasurement of the net defined benefit pension liability			10,408	29f, 30
		<b>90,899</b>	<b>Other Comprehensive income and expenditure</b>			<b>3,409</b>	
		<b>194,635</b>	<b>Total Comprehensive income and expenditure</b>			<b>20,379</b>	

\* Certain departmental classifications have been restated following organisational changes in 2025-26

Financial Services was a standalone service in 2024/25 but have become part of the Corporate Resources. Gross expenditure of £10,023k and gross income of £198k was aggregated within the Corporate Resources line in 2024-25. The prior year comparator has been restated above to record 2024-25 gross expenditure and income within the Corporate Resource line.

Department of Environment and Department of Growth were part of Department of Place in 2024-25 but in 2025-26 each became a standalone department. The 2024-25 comparator has been restated to disclose the gross expenditure and income for the two departments separately.

Housing Services was part of the Place Department in 2024-25 but in 2025-26 became part of Adult Social Care, Health and Housing. Gross expenditure of £19,030k and gross income of £9,551k was aggregated within the Department of Place line in 2024-25. The prior year comparator has been restated above to record 2024-25 gross expenditure and income within the Adult Social Care, Health and Housing line.

Reclassification provides better comparative analysis across financial years.

## Movement in Reserves Statement

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

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves*	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
<b>Balance at 31 Mar 2024</b>	<b>(39,643)</b>	<b>(100,673)</b>	<b>(820)</b>	<b>(331)</b>	<b>(679)</b>	<b>(77,866)</b>	<b>(220,012)</b>	<b>(200,771)</b>	<b>(420,782)</b>	
<b>Movement in reserves during 2024/25</b>										
Other transfer	-	-	-	-	-	-	-	-	-	
(Surplus)/deficit on provision of services	102,817	-	919	-	-	-	103,736	-	103,736	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	90,899	90,899	
<b>Total Comprehensive Income and Expenditure</b>	<b>102,817</b>	<b>-</b>	<b>919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,736</b>	<b>90,899</b>	<b>194,635</b>	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(15,341)	-	(1,539)	(387)	-	5,695	(11,572)	11,572	0	14
Capitalisation Direction	(120,000)	-	-	-	-	-	(120,000)	120,000	-	
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>(32,524)</b>	<b>-</b>	<b>(620)</b>	<b>(387)</b>	<b>-</b>	<b>5,695</b>	<b>(27,836)</b>	<b>222,471</b>	<b>194,635</b>	
Transfer to/(from) - earmarked reserves	27,698	(27,698)	-	-	-	-	-	-	-	15
<b>Balance at 31 Mar 2025</b>	<b>(44,469)</b>	<b>(128,370)</b>	<b>(1,440)</b>	<b>(718)</b>	<b>(679)</b>	<b>(72,171)</b>	<b>(247,848)</b>	<b>21,700</b>	<b>(226,148)</b>	
(Surplus)/deficit on provision of services	17,762	-	(792)	-	-	-	16,970	-	16,970	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	3,409	3,409	
<b>Total Comprehensive Income and Expenditure</b>	<b>17,762</b>	<b>-</b>	<b>(792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,971</b>	<b>3,409</b>	<b>20,379</b>	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	40,694	-	424	(379)	(847)	(17,273)	22,619	(22,619)	0	14
Capitalisation Direction	(113,000)	-	-	-	-	-	(113,000)	113,000	-	
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>(54,543)</b>	<b>-</b>	<b>(368)</b>	<b>(379)</b>	<b>(847)</b>	<b>(17,273)</b>	<b>(73,410)</b>	<b>93,791</b>	<b>20,380</b>	
Transfer to/(from) - earmarked reserves	45,897	(45,897)	-	-	-	-	-	-	-	15
<b>Balance at 31 Mar 2026</b>	<b>(53,116)</b>	<b>(174,267)</b>	<b>(1,808)</b>	<b>(1,097)</b>	<b>(1,526)</b>	<b>(89,444)</b>	<b>(321,258)</b>	<b>115,490</b>	<b>(205,768)</b>	

\* see **Note 29** for further details

## Balance Sheet

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

2024/25		2025/26	
31-March-2025		31-March-2026	Note
£'000		£'000	
1,049,261	Property, Plant and Equipment	1,049,404	16
36,311	Heritage Assets	36,331	17
43,444	Investment Property	31,722	18
937	Intangible Assets	754	
3,951	Long-term Investments	3,937	21
1,424	Long-term Debtors	1,093	21, 26
<b>1,135,328</b>	<b>Total Long-term Assets</b>	<b>1,123,241</b>	
6,546	Assets Held for Sale	5,077	19
2,819	Inventories	3,234	
163,010	Short term debtors	123,625	26
83,626	Cash and Cash Equivalents	88,834	20
<b>256,001</b>	<b>Current Assets</b>	<b>220,770</b>	
(217,558)	Short-term Borrowing	(218,910)	21
(162,404)	Short-term Creditors	(148,361)	27
(4,611)	Short-term Provisions	(4,669)	28
<b>(384,573)</b>	<b>Current Liabilities</b>	<b>(371,940)</b>	
(4,180)	Long-term Provisions	(3,907)	28
(529,102)	Long-term Borrowing	(528,904)	20
(72,521)	Pension Liability	(68,076)	30
(5,675)	Lease and Other Deferred Liabilities	(5,378)	21, 23
(150,379)	PFI Liabilities	(140,285)	21
(18,750)	Grants Receipts in Advance – Capital	(19,753)	13
<b>(780,607)</b>	<b>Long-term Liabilities</b>	<b>(766,303)</b>	
<b>226,149</b>	<b>Net Assets</b>	<b>205,768</b>	
(247,848)	Usable Reserves	(321,258)	15
21,699	Unusable Reserves	115,490	29
<b>(226,149)</b>	<b>Total Reserves</b>	<b>(205,768)</b>	

## Cash Flow Statement

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

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

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

2024/25		2025/26	
£'000		£'000	Note
(103,736)	Net surplus or (deficit) on the provision of services	(16,970)	
93,788	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	93,239	31
(103,148)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(111,623)	31
<b>(113,096)</b>	<b>Net cash flows from operating activities</b>	<b>(35,354)</b>	
(127)	Investing Activities	50,975	32
157,865	Financing Activities	(10,412)	33
<b>44,642</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>5,208</b>	
38,984	Cash and cash equivalents at the beginning of the reporting period	83,626	
<b>83,626</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>88,834</b>	20

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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## Notes to the Core Financial Statements

### Note 1: Basis of Preparation

#### 1.1. General Principles

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

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

### Note 2: Accounting Policies

#### 2.1. Accruals of Income and Expenditure

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

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

#### 2.2. Cash and Cash Equivalents

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

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

**Note 2: Accounting Policies (continued)****2.3. Employee Benefits*****Benefits Payable During Employment***

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, leased cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

***Employee Accumulated Absence Accrual***

An accrual is made for the estimated cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at wage and salary rates applicable in the following financial year. It is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absence Adjustment Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

***Termination Benefits***

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

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

***Post-employment Benefits***

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

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

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

***The Local Government Pension Scheme***

The LGPS is accounted for as a defined benefits scheme.

The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and any other relevant factors, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

**Note 2: Accounting Policies (continued)**

The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet (netted from the overall pension liability) at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

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

- Service cost comprising:
  - o Current service cost for the increase in liabilities arising from the service earned in the year is recognised as a charge in the CIES to the services for which the employees worked.
  - o Past service cost arises from scheme amendment or curtailment whose effect relates to years of service earned in earlier years is recognised as a charge to the Provision of Services in the CIES.
  - o Gains or losses on settlements is the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. It is recognised as Surplus or Deficit on the Provision of Services in the CI&E.
  - o Net interest expense (income) on the defined benefit liabilities (assets) is charged to the Financing and Investment Income and Expenditure line in the CI&E. This represents the change during the period in the net defined benefit liability (asset) that arises from the passage of time and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - o The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as Other Comprehensive Income and Expenditure.
  - o Actuarial gains and losses - changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. It is charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
  - o Any change in the effect of the asset ceiling\* (where applicable), excluding amounts included in net interest on the net defined benefit liability (asset) – recognised in the pension reserve as Other Comprehensive Income and Expenditure.
  - o Contributions paid to the West Yorkshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

The difference between the value of the pension fund assets calculated by the actuary and the present value of scheme liabilities is shown in Note 30 relating to the Pension Reserve.

**Discretionary Benefits**

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

**Note 2: Accounting Policies (continued)****2.4. Charges to Revenue for Non – Current Assets**

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

- 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 non-current assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP (Minimum Revenue Provision) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**2.5. Events After the Balance Sheet Date**

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

- 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.

**2.6. Financial Instruments**

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

**Financial Liabilities**

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

The Council's financial liabilities include borrowings, trade and other payables. For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

**Note 2: Accounting Policies (continued)****Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. Financial assets are classified into one of the following categories:

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

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

**Financial Assets at Amortised Cost**

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

Financial assets are initially measured at fair value and are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

As the Council's business model is to hold investments to collect contractual cash flows, most financial assets are classified at amortised cost. Any gains and losses that arise on the derecognition of an asset are credited or debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

**Financial Assets measured at FVOCI**

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

**Financial assets measured at FVPL**

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

**Expected Credit Loss Model**

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

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

**2.7. Government Grants and Contributions**

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

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

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

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

**Note 2: Accounting Policies (continued)****2.8. Heritage Assets**

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

Heritage assets are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where it is practicable to obtain a valuation, heritage assets are held at current value. Valuation methods used by the authority include professional valuations and insurance valuations. The Council has recognised the major pieces of its museum collection on the Balance Sheet based on the lower valuation completed by an external valuer. Civic regalia has been included using as its base the detailed insurance valuations (which are based on market values provided by an external valuer in 2024) held by the Council in respect of the collection.

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

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

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

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

**2.9. Interests in Companies and Other Entities**

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

**2.10. Inventories and Long-term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**2.11. Investment Property**

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

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

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

**Note 2: Accounting Policies (continued)****2.12. Leases****The Council as Lessee**

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

Initial measurement

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

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

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

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

Subsequent measurement

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

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

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

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

**Note 2: Accounting Policies (continued)**

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

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

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

**The Council as Lessor**Finance leases

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

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

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

**Note 2: Accounting Policies (continued)**Operating leases

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

**2.13. Overheads and Support Services**

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

**2.14. Property, Plant and Equipment****Recognition**

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

**Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

**Note 2: Accounting Policies (continued)**

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end. The Council revalue the assets every five years with annual indexation applied to assets during the four intervening years. Where no suitable indices can be obtained without undue cost or effort, the Council revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Full revaluations are undertaken in accordance with RICS Red Book requirements. Indexation is applied in the intervening periods to reflect market-based movements for assets groups with value changes greater than £1m and 10% of total asset group value. Although the two approaches differ in methodology, both are treated consistently under the revaluation model for accounting purposes.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

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

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

**Component Accounting**

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

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

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

**Impairment**

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

Where impairment losses are identified, they are accounted for as follows:

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

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

**Depreciation**

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

Depreciation is charged in the year after of asset addition or recognition of right of use.

**Note 2: Accounting Policies (continued)**

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

- Council dwellings - up to 60 years
- Other buildings - 5 - 60 years
- Vehicles, plant, furniture and equipment - 3 - 25 years
- PFI - over the useful life of the property as estimated by the valuer.

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

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

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

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

***Disposals and Non-Current Assets Held for Sale***

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

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

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

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

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

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

**Note 2: Accounting Policies (continued)****Highways Infrastructure Assets**

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

Recognition

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

Measurement

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

Impairment

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

Depreciation

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

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

Derecognition and disposals

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

**2.15. Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

**Note 2: Accounting Policies (continued)****2.16. Provisions, Contingent Liabilities and Contingent Assets****Provisions**

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

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

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

**Contingent Liabilities**

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

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

**Contingent Assets**

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

**2.17. Reserves**

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

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits. These reserves are classed as unusable reserves and explained in Note 29.

**2.18. Revenue Expenditure Funded from Capital under Statute**

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

**Note 2: Accounting Policies (continued)****2.19. Schools**

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

**2.20. VAT**

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

**2.21. Partnership Arrangements**

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

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

**2.22. Council Tax and National Non Domestic Rates (NNDR)**

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

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

**2.23. Fair value measurement**

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

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

**Note 2: Accounting Policies (continued)**

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

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

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

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### Note 3: Accounting Standards Issued but Not Yet Adopted

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

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

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

- a. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c. Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9)

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

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## Note 4: Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Sources of Estimation Uncertainty

### Critical Judgements in Applying Accounting Policies

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

#### Capital

- On 20 February 2025, the Minister of State for Local Government and English Devolution wrote to the Council that the Deputy Prime Minister was “minded to” approve a capitalisation direction of a total not exceeding £127.1m for 2025/26. The letter set out four actions which the Council would need to undertake for the capitalisation direction to be formally approved. The letter also set out two conditions which the formal capitalisation direction would include, and set out that issuing a capitalisation direction was contingent on the Council confirming the final amount it requires capitalisation for the year with the agreement of the Council’s external auditors. The Secretary of State’s decision was published on the Council website as part of the Council’s Revenue Estimate 2025-26 report.
- The 2025/26 Statement of Accounts include capitalisation of £113m of revenue expenditure (see Note 36). The Council has undertaken the actions requested by the Secretary of State as follows. As a result the Council’s judgement is that it should capitalise £113 million of expenditure in line with the Secretary of State’s letter of 20 February 2025 and confirms that:
  - (i) The expenditure capitalised in the 2025/26 financial statements was solely incurred in 2025/26 in line with the Secretary of State’s 20 February 2025 letter;
  - (ii) The Council has applied Minimum Revenue Provision (MRP) in line with the MHCLG’s Statutory Guidance on MRP by charging MRP over a 20 year proxy “asset life” using the straight-line asset life method set out in the Guidance;
  - (iii) As required by the Secretary of State, the Council has undergone an external assurance review undertaken by CIPFA which reported back to the Ministry of Housing, Communities and Local Government (MHCLG) in September 2024. The report was published on the MHCLG website on 13 March 2025; The Council has continued to take steps to implement the review’s recommendations.
- The Council also concludes that it has complied with the contingent requirement to confirm the final amount of support identified by including the £113 million capitalised expenditure in the financial statements. There has been no confirmation from the Secretary of State as to what form ‘agreement of the Council’s external auditors’ should take.
- Notwithstanding that the Council has not received a capitalisation direction letter from the Secretary of State issued under section 16(2)(b) of the Local Government Act 2003, the Council believes that it is complying with the intent of the Secretary of State’s letter of 20 February 2025, by capitalising revenue expenditure in advance of receipt of the direction. The Council concludes that in its judgement the Secretary of State’s intention was that the financial statements should include the capitalised expenditure and that the formal approval of the capitalisation direction would be issued on publication of the audited financial statements. Consequently, as the Council has concluded it has met all the requirements in the Secretary of State’s letter it has capitalised £113 million of expenditure as a result.

**Note 4: Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Sources of Estimation  
Uncertainty (continued)**

**Heritage Assets**

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

**Schools**

- There is also a requirement for the Council to exercise judgement about which school types should be included in the Balance Sheet, given there are different degrees of autonomy with the school types. By virtue of legal ownership or the control exerted over school governing bodies, the Council recognises on its balance sheet at current value, interests in all schools where ownership is vested either in the Council or a school governing body.
- This includes all community schools, and some foundation and voluntary controlled schools (41 in total). All other schools (11) are vested in founding trusts controlled by religious or charitable bodies. Ownership of these schools is not recognised by the Council as there is no past transaction or event giving the Council control of these properties; rights to continuing use of the assets, or to the benefits associated with them. This is entirely dependent on the ongoing and future goodwill of the owner which could take back the asset at any time. However, the costs of providing actual education services from such establishments and the revenues arising are recognised as service costs under net cost of services.

**Group Entities**

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

**Indexation**

In accordance with the CIPFA Code, the Council applies indexation to asset values to ensure they are materially updated for changes in relevant variables. The choice of indices is based on expert guidance, with judgement and decision made by the valuer using information supplied by the finance teams.

## Note 4: Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Sources of Estimation Uncertainty (continued)

### Assumptions Made About the Future and Other Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet as at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - valuations	<p>The Council's external valuer provide valuations as at 31 March based on a 5-year rolling programme of valuations. As at 31 March 2026, the total value of Property, Plant &amp; Equipment held at revaluation is £574.3m, of which 20.4% has been revalued in 2025/26.</p> <p>Valuations are compiled by an expert using recognised measurement techniques and based on professional guidance. The underlying data is considered to be reliable and the scope to use judgement and change assumptions limited.</p> <p>The valuations are undertaken by qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) professional standards.</p> <p>The valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as floor area) that must be used to apply valuations. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council's external valuers.</p>	<p>A variation of 10% in the value of the council's land and buildings would be approximately £48.8 million. A reduction in the estimated valuations would result in a reduction to the revaluation reserve and / or a loss charged to the comprehensive income and expenditure statement.</p> <p>An increase in estimated valuations would result in the reversal of any negative revaluations previously charged to the comprehensive income and expenditure statement and / or increases to the revaluation reserve and / or gains charged to the comprehensive income and expenditure statement.</p>
Net Pensions Liability	<p>The Council had a net pension liabilities of £68.1m at 31 March 2026. Estimation of the net liability or asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Aon Solutions UK Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% increase in the discount rate assumption would result in a decrease in the present value of the total defined benefit obligation for Local Government Pension Scheme (LGPS) funded benefits of £31.2m – a decrease from £2,227.864m to £2,196.674m. Note 30 Defined Benefit Pension Schemes provides more information on the sensitivity analysis.</p>

**Note 5: Other Operating Expenditure**

2024/25		2025/26
£'000		£'000
3,581	Parish Council Precepts	3,915
3,090	(Gains)/losses on the disposal of non-current assets	858
<b>6,671</b>	<b>Total</b>	<b>4,773</b>

**Note 6: Financing and Investment Income and Expenditure**

2024/25		2025/26
£'000		£'000
44,116	Interest payable and similar charges	44,329
(3,844)	Net interest on the net defined benefit liability (asset)	2,619
(2,991)	Interest receivable and similar income	(3,220)
(12,724)	Income and expenditure relating to investment properties and changes in their fair value	(3,999)
(277)	Other Investment Income	(226)
1,375	Net Deficit/(Surplus) on Trading Accounts	251
<b>25,655</b>	<b>Total</b>	<b>39,754</b>

**Note 7: Taxation and Non-Specific Grant Income**

2024/25		2025/26
£'000		£'000
(251,194)	Council tax income	(281,640)
(61,790)	Non-domestic rates income and expenditure	(64,698)
(172,372)	Non-ringfenced government grants	(189,963)
(91,468)	Capital grant and contributions	(86,631)
-	Gain on entry to non-commercial leases	(1,367)
<b>(576,824)</b>	<b>Total</b>	<b>(624,299)</b>

## Note 8: Expenditure and Funding Analysis

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

2024/25				2025/26		
Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances
£'000	£'000	£'000		£'000	£'000	£'000
175,406	(8,072)	167,334	Adult Social Care, Health and Housing (incl. Public Health)	192,826	(6,984)	185,842
243,820	(18,528)	225,292	Children's Services	242,663	(10,244)	232,419
67,493	(14,626)	52,867	Department of Environment	95,599	(41,535)	54,064
53,234	(37,630)	15,604	Department of Growth	45,292	(28,065)	17,228
3,091	(100)	2,991	Chief Executive	2,580	182	2,763
86,538	(33,692)	52,846	Corporate Resources	63,767	(4,119)	59,648
11,240	(2,885)	8,356	Non Service Budgets	7,913	2,700	10,613
7,210	(36,533)	(29,323)	Central Budgets	(52,811)	(2,045)	(54,856)
202	(2,014)	(1,812)	Housing Revenue Account	(1,086)	(379)	(1,465)
<b>648,234</b>	<b>(154,081)</b>	<b>494,153</b>	<b>Net Cost of Services</b>	<b>596,743</b>	<b>(90,488)</b>	<b>506,256</b>
(544,498)	16,815	(527,683)	Other Income and Expenditure	(579,772)	18,225	(561,547)
<b>103,736</b>	<b>(137,267)</b>	<b>(33,531)</b>	<b>(Surplus)/Deficit</b>	<b>16,970</b>	<b>(72,263)</b>	<b>(55,291)</b>
		(141,467)	Opening General Fund and HRA Balance			(174,998)
		<b>(174,998)</b>	<b>Closing General Fund and HRA Balance*</b>			<b>(230,288)</b>

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

## Note 8a: Expenditure and Funding Analysis (continued)

2024/25					2025/26			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(7,116)	(906)	(51)	(8,072)	Adult Social Care, Health and Housing (incl. Public Health)	(8,692)	1,808	(99)	(6,984)
(20,134)	2,870	(1,264)	(18,528)	Children's Services	(19,334)	8,870	220	(10,244)
(13,890)	(722)	(15)	(14,626)	Department of Environment	(42,889)	1,399	(45)	(41,535)
(37,371)	(265)	6	(37,630)	Department of Growth	(28,556)	552	(60)	(28,065)
(2)	(98)	-	(100)	Chief Executive	(2)	195	(11)	182
(33,014)	(688)	10	(33,692)	Corporate Resources	(5,405)	1,342	(55)	(4,119)
(6,133)	3,253	(4)	(2,885)	Non Service Budgets	(262)	2,970	(7)	2,700
(36,533)	-	-	(36,533)	Central Budgets	(2,045)	-	-	(2,045)
(2,014)	-	-	(2,014)	Housing Revenue Account	(379)	-	-	(379)
<b>(156,208)</b>	<b>3,443</b>	<b>(1,317)</b>	<b>(154,081)</b>	<b>Net Cost of Services</b>	<b>(107,564)</b>	<b>17,134</b>	<b>(57)</b>	<b>(90,488)</b>
17,161	3,653	(3,999)	16,815	Other income and expenditure from the Funding Analysis	19,792	(2,281)	714	18,225
<b>(139,047)</b>	<b>7,096</b>	<b>(5,316)</b>	<b>(137,267)</b>	<b>Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services</b>	<b>(87,772)</b>	<b>14,853</b>	<b>657</b>	<b>(72,263)</b>

## Note 8b: Expenditure and Funding Analysis (continued)

### Adjustments for Capital Purposes

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

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

### Net Change for the Pensions Adjustments

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

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

## Note 8c: Expenditure and Funding Analysis (continued)

### Other Adjustments

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

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

### Segmental Income

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

2024/25 £'000		2025/26 £'000
(41,699)	Adult Social Care (incl. Public Health)	(45,942)
(40,781)	Children's Services	(31,104)
(60,055)	Department of Environment	(79,342)
(10,129)	Department of Growth	(10,284)
(775)	Chief Executive	(752)
(31,828)	Corporate Resources	(30,294)
(6,699)	Non Service Budgets	(2,510)
(3,043)	Housing Revenue Account	(2,875)
<b>(195,009)</b>	<b>Total Income</b>	<b>(203,103)</b>

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

## Note 8c: Expenditure and Funding Analysis (continued)

### Expenditure and income analysed by nature of activity

2024/25		2025/26
£'000		£'000
	<b>Expenditure</b>	
411,276	Employee Benefit Expenses	418,483
1,021,444	Other Service Expenses	1,018,210
65,865	Depreciation, Amortisation, Impairment	77,452
44,116	Interest Payments	44,329
3,581	Parish Council Precepts	3,915
23,045	Levies	22,988
(3,844)	Net Interest on the Pension Net Defined Benefit Liability (Asset)	2,619
3,090	Losses on Disposals	858
<b>1,568,573</b>	<b>Total expenditure</b>	<b>1,588,855</b>
	<b>Income</b>	
(195,009)	Fees, charges and other service income	(203,103)
(3,268)	Interest and investment income	(3,446)
(312,984)	Income from council tax, non-domestic rates	(346,338)
(919,628)	Government grants and contributions	(984,711)
(33,948)	Other Service Contributions	(34,287)
<b>(1,464,837)</b>	<b>Total income</b>	<b>(1,571,885)</b>
<b>103,736</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>16,970</b>

## Note 9: Pooled budget

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

### Better Care Fund (BCF)

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

The BCF agreement has been set up under Section 75 of the NHS Act 2006. The total BCF and Integrated Better Care Fund (iBCF) in 2025-26 was £91.682m. It is a pooled budget with the NHS West Yorkshire Integrated Care Board (ICB).

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

For the Community Equipment scheme where there is a joint operation, the ICB’s share of assets and liabilities relating to the Community Equipment scheme are not recognised in the Accounts as the values are not considered to be material.

2024/25			2025/26	
BCF	iBCF		BCF	iBCF
£'000	£'000		£'000	£'000
		<b>Funding provided:</b>		
(1,844)	-	Bradford & Airedale Community Equipment	(2,083)	-
(26,431)	(23,388)	Bradford Council	(31,529)	(28,853)
(5,465)	-	Local Authority Discharge Funding	-	-
(6,374)	-	Capital Funding	(6,823)	-
(26,354)	-	West Yorkshire Integrated Care Board	(22,395)	-
<b>(66,468)</b>	<b>(23,388)</b>	<b>Total Funding</b>	<b>(62,829)</b>	<b>(28,853)</b>
		<b>Expenditure</b>		
41,161	23,388	Bradford Council	39,181	28,853
26,354	-	West Yorkshire Integrated Care Board	22,395	-
<b>67,515</b>	<b>23,388</b>	<b>Total Expenditure</b>	<b>61,576</b>	<b>28,853</b>
<b>1,047</b>	-	<b>Net surplus/loss</b>	<b>(1,253)</b>	-

**Note 10: Members' Allowances**

The Council paid allowances to its members in 2025/26 of £1.749 million (£1.747 million in 2024/25).

**Note 10a: Exit packages and termination benefits**

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	16	-	23	30	39	30	259,877	179,413
£20,001 - £40,000	3	1	11	9	14	10	367,636	326,729
£40,001 - £60,000	1	-	9	2	10	2	472,338	98,725
£60,001 - £80,000	1	-	3	-	4	-	261,175	-
£80,001 - £100,000	-	-	1	3	1	3	86,964	273,626
£100,001 - £150,000	1	-	1	1	2	1	257,295	138,294
£150,001 - £200,000	1	-	-	-	1	-	158,499	-
<b>Total</b>	<b>23</b>	<b>1</b>	<b>48</b>	<b>45</b>	<b>71</b>	<b>46</b>	<b>1,863,784</b>	<b>1,016,787</b>

## Note 10b: Officers' Remuneration

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

2025/26	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
	£	£	£	£	£	
<b>Post holder information</b>						
Chief Executive - Lorraine O'Donnell	224,438	-	224,438	36,359	260,797	1
Strategic Director Corporate Resources - Joanne Hyde (from 01/04/2025-04/04/2025)	89,566	-	89,566	292	89,858	
Strategic Director Children's Services - Marium Haque (from 01/04/2025- 24/09/2025)	159,516	-	159,516	10,697	170,213	
Strategic Director Adult Social Care & Health - Iain MacBeath	167,495	-	167,495	27,134	194,629	
Strategic Director Growth (from 01.09.2025) - David Shepherd (formerly Strategic Director of Place)	164,444	-	164,444	26,640	191,084	
Interim Strategic Director Corporate Resources/S151 - Steven Mair	267,423	-	267,423	-	267,423	2
Managing Director WYPF - Euan Miller	164,444	-	164,444	26,640	191,084	3
Chief Investment Officer - WYPF - John Dewey (from 14.04.2025)	205,909	-	205,909	33,357	239,266	3
Director of Legal & Governance	116,734	-	116,734	18,911	135,645	
Assistant Director Office of the Chief Executive	112,411	-	112,411	18,210	130,621	
Interim Director of Public Health (from 09.06.2025 to 13.11.2025)	96,600	-	96,600	-	96,600	4
Director of Public Health (from 10.11.2025)	50,319	-	50,319	8,152	58,471	
Acting Strategic Director Children's Services (from 01.09.2025 )	93,253	-	93,253	15,342	108,595	
Interim Strategic Director Environment from 08/08/25 (formerly Interim Director of Operations) - Raj Mistry	196,200	-	196,200	-	196,200	5
Strategic Director Corporate Resources (from 02.12.2025 to 01.03.2026)	41,874	-	41,874	6,784	48,658	

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

Note 2: Excludes fee of £48,080 paid to agency

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

Note 4: Excludes fee of £18,395 paid to agency

Note 5: Excludes fee of £35,166 paid to agency

**Note 10b: Officers' Remuneration (continued)**

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

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

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

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

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

Note 4: *Employment ceased on 17/01/25*

Note 5: *Employment ceased on 17/11/24*

Note 6: *From 18/11/24*

**Note 10b: Officers' Remuneration (continued)**

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

Remuneration band	2024/25	2025/26
	Number of employees	Number of employees
£50,000 - £54,999	373	431
£55,000 - £59,999	182	204
£60,000 - £64,999	96	164
£65,000 - £69,999	55	82
£70,000 - £74,999	46	55
£75,000 - £79,999	29	38
£80,000 - £84,999	20	21
£85,000 - £89,999	27	39
£90,000 - £94,999	11	10
£95,000 - £99,999	20	16
£100,000 - £104,999	6	11
£105,000 - £109,999	6	8
£110,000 - £114,999	2	4
£115,000 - £119,999	-	2
£120,000 - £124,999	1	-
£125,000 - £129,999	-	1
£130,000 - £134,999	1	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	1
£145,000 - £149,999	-	-
£150,000 - £154,999	-	-
£170,000 - £174,999	1	-
£175,000 - £179,999	-	1
<b>Total</b>	<b>876</b>	<b>1,088</b>

## Note 11: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2025-26 are Forvis Mazars LLP. The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2024/25		2025/26
£'000		£'000
474	Fees payable in relation to the audit of the Statement of Accounts *	487
98	Fees payable in relation to prior years audit variations**	38
<b>572</b>		<b>525</b>

\* The audit work for 2025/26 has not yet been completed and the final fee is still to be determined.

\*\* Audit fee variation paid in 2025-26 for prior year as agreed with PSAA.

## Note 12: Dedicated Schools Grant (DSG)

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

Bradford was allocated £796.365m for financial year 2025-26 (£729.683m in 2024-25), see the table below:

2024/25			Schools budget funded by Dedicated Schools Grant	2025/26		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		729,683	Final DSG before Academy recoupment			796,365
		(447,813)	Academy figure recouped			(478,656)
		<b>281,871</b>	<b>Total DSG after recoupment</b>			<b>317,709</b>
		36,399	Brought forward DSG			24,629
		(14,570)	Less carry forward agreed in advance			-
<b>127,077</b>	<b>176,623</b>	<b>303,699</b>	<b>Agreed Initial budgeted distribution</b>	<b>144,981</b>	<b>197,357</b>	<b>342,338</b>
-	(889)	(889)	In year adjustments	-	(1,462)	(1,462)
<b>127,077</b>	<b>175,734</b>	<b>302,811</b>	<b>Final Budgeted Distribution</b>	<b>144,981</b>	<b>195,895</b>	<b>340,876</b>
121,510	-	121,510	less Actual central expenditure	125,533	-	125,533
-	171,242	171,242	less Actual ISB deployed to schools	-	199,120	199,120
<b>5,567</b>	<b>4,492</b>	<b>10,059</b>	<b>In-year carry-forward</b>	<b>19,448</b>	<b>(3,225)</b>	<b>16,223</b>
		14,570	Carry Forward agreed in advance			-
		<b>24,629</b>	<b>Carry Forward</b>			<b>16,223</b>

**Note 13: Grants and Contributions**

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

2024/25		2025/26
£'000		£'000
	<b>Credited to Taxation and non-specific grant income</b>	
(42,975)	Revenue Support Grant	(44,007)
(767)	New Homes Bonus Grant	(1,387)
(128,631)	Other General Government Grants	(144,569)
<b>(172,373)</b>	<b>Total of Non-ringfenced grants</b>	<b>(189,963)</b>
	<b>Capital grant and contributions</b>	
(91,468)	Other capital contributions	(86,631)
<b>(91,468)</b>	<b>Total Capital grants and contributions</b>	<b>(86,631)</b>
	<b>Credited to services</b>	
(105,901)	Rent Allowance: subsidy (DWP)	(84,633)
(12,027)	Household Support Fund (MHCLG)	(10,210)
(31,482)	Education and Schools (DfE)	(33,188)
(27,301)	PFI special grant (DfE)	(27,301)
(281,871)	Dedicated Schools Grant (DfE)	(317,709)
(11,448)	Pupil Premium grant (DfE)	(10,562)
(52,021)	Adult Social Care Support Grant (MHCLG)	(61,507)
(15,616)	Independent Living Fund	(10,125)
(46,763)	Public Health Grant (DH)	(50,041)
(23,388)	NHS Adult Social Care Grant	(39,221)
(972)	MHCLG Service Grant	-
-	Extended Producer Responsibility grant (Department for Environment Food & Rural Affairs)	(13,355)
(46,999)	Other revenue grants and contributions	(50,263)
<b>(655,790)</b>	<b>Total grants and contributions credited to Net Cost of Services</b>	<b>(708,115)</b>

**Note 13: Grant Income (continued)**

The Council has received a number of grants and contributions that have yet to be recognised as income, as they have conditions attached to them that could require the money to be returned to the awarding body. The balances shown below are included in the Balance Sheet in Capital Grants Receipts in Advance under Long Term Liabilities. The balances as at 31 March 2026 are as follows:

2024/25		2025/26
£'000		£'000
(17,032)	Capital grants & contributions receipts in advance	(17,937)
(1,718)	Developer's contributions	(1,816)
<b>(18,750)</b>	<b>Total</b>	<b>(19,753)</b>

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

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

2025/26	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	14,853	-	-	-	-	(14,853)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	279	-	-	-	-	(279)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	414	-	-	-	-	(414)
Holiday pay (transferred to the Accumulated Absences Reserve)	(36)	-	-	-	-	36
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(32,650)	45	-	-	(27,144)	59,749
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24,993	-	(24,993)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	(932)	-	932	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	379	-	(379)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	37,928	-	-	-	-	(37,928)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,716	-	-	-	-	(5,716)
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	23,214	-	-	(23,214)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	-
Application of capital grants to finance capital expenditure	(9,871)	-	-	-	9,871	-
Exceptional Financial Support Capitalisation Direction	(113,000)	-	-	-	-	113,000
<b>Total Adjustments</b>	<b>(72,306)</b>	<b>424</b>	<b>(847)</b>	<b>(379)</b>	<b>(17,273)</b>	<b>90,381</b>

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

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

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

**Note 15: Earmarked Reserves**

Movement in Earmarked reserves	01 April 2024	Transfers Out	Transfers In	Balance at 31 March 2025	Transfers Out	Transfers In	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<sup>1</sup> Corporate Budget Strategy Reserves	(6,223)	7,668	(50,737)	(49,292)	1,040	(44,560)	(92,812)
<b>Total Corporate reserves</b>	<b>(6,223)</b>	<b>7,668</b>	<b>(50,737)</b>	<b>(49,292)</b>	<b>1,040</b>	<b>(44,560)</b>	<b>(92,812)</b>
<sup>2</sup> Service Reserves	(31,853)	10,147	(5,394)	(27,100)	6,571	(19,813)	(40,342)
<b>General Fund earmarked reserves</b>	<b>(38,076)</b>	<b>17,815</b>	<b>(56,131)</b>	<b>(76,392)</b>	<b>7,611</b>	<b>(64,372)</b>	<b>(133,154)</b>
<sup>3</sup> Grant related reserves (General Fund)	(15,500)	5,816	(4,548)	(14,232)	5,331	(2,767)	(11,667)
<sup>4</sup> Schools reserves	(47,097)	9,350	-	(37,747)	8,406	(105)	(29,447)
<b>Total Earmarked reserves</b>	<b>(100,673)</b>	<b>32,981</b>	<b>(60,679)</b>	<b>(128,371)</b>	<b>21,348</b>	<b>(67,245)</b>	<b>(174,267)</b>

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

<sup>2</sup> The **Service Reserve** hold funds earmarked for service activities.

<sup>3</sup> The **Grant Related Reserve** holds unused grant monies received by the Council.

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

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

## Note 16: Property, Plant and Equipment

Values as at 31 March 2026

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

Movements in 2025/26	Operational assets				Non-operational assets		Total	PFI Assets
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment	Included in Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
<b>At 1 April 2025</b>	<b>31,321</b>	<b>509,515</b>	<b>74,191</b>	<b>59,382</b>	<b>17,182</b>	<b>42,456</b>	<b>734,047</b>	<b>20,032</b>
IFRS16 adjustment *	-	1,367	-	-	-	-	1,367	-
Additions	47	18,269	6,240	678	316	13,293	38,843	432
Revaluation increases/(decreases) recognised in the revaluation reserve	-	5,525	-	2,053	(889)	-	6,689	-
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	-	(34,630)	-	(11)	174	-	(34,467)	-
Derecognition – disposals	(225)	(6,658)	(2,772)	(38)	(787)	-	(10,480)	-
Other transfers/movements	-	27,630	51	8	(336)	(31,672)	(4,319)	-
<b>At 31 March 2026</b>	<b>31,143</b>	<b>521,018</b>	<b>77,710</b>	<b>62,072</b>	<b>15,660</b>	<b>24,077</b>	<b>731,680</b>	<b>20,464</b>
<b>Accumulated depreciation and impairment</b>								
<b>At 1 April 2025</b>	<b>(1)</b>	<b>(21,207)</b>	<b>(36,670)</b>	<b>-</b>	<b>(23)</b>	<b>-</b>	<b>(57,901)</b>	<b>(517)</b>
Depreciation charge	(378)	(18,086)	(8,750)	-	-	-	(27,214)	(530)
Depreciation written out to the revaluation reserve	-	301	-	-	-	-	301	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	751	-	-	-	-	751	-
Derecognition – disposal	2	92	2,772	-	1	-	2,867	-
Other transfers/movements	-	4,000	(13)	-	-	-	3,987	-
<b>At 31 March 2026</b>	<b>(377)</b>	<b>(34,149)</b>	<b>(42,661)</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>(77,209)</b>	<b>(1,047)</b>
<b>Net book value at 31 March 2025</b>	<b>31,320</b>	<b>488,308</b>	<b>37,521</b>	<b>59,382</b>	<b>17,159</b>	<b>42,456</b>	<b>676,146</b>	<b>19,515</b>
<b>Net book value at 31 March 2026</b>	<b>30,766</b>	<b>486,869</b>	<b>35,049</b>	<b>62,072</b>	<b>15,638</b>	<b>24,077</b>	<b>654,471</b>	<b>19,417</b>

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

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

\* The IFRS 16 adjustment relates to gain recognised from non-commercial leases entered.

Under IFRS16, the Council also recognised Right of Use Assets (ROU). The ROU assets addition total is £3.6m for 2025/26 (Note 23 provide further detail).

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

Values as at 31 March 2024

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

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

\* The IFRS 16 adjustment relates to the transition to IFRS 16 for leases at 1 April 2024. The Council had assets under operating leases that were not disclosed on the balance sheet and which required disclosure in 2024-25. The NBV of right of use assets was £3m.

**Note 16: Property, Plant and Equipment (continued)****Infrastructure Assets**

2024/25		2025/26
£'000		£'000
325,582	<b>Net Book Value (modified historical cost) at 1st April</b>	373,115
64,816	Additions	41,079
(17,283)	Depreciation	(18,738)
-	Impairment	(523)
<b>373,115</b>	<b>Net Book Value (modified historical cost) at 31st March</b>	<b>394,933</b>

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

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

2024/25		2025/26
£'000		£'000
373,115	Infrastructure Assets	394,933
676,146	Other Property, Plants and Equipment	654,471
<b>1,049,261</b>	<b>Total</b>	<b>1,049,404</b>

**Valuations**

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

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

Assets reviewed were valued as at the 31st March 2026. Valuations were undertaken on the basis of current value in existing use, depreciated replacement cost/ modern equivalent asset and current value market value. Standard assumptions associated with each basis of valuation have been applied, no other additional assumptions being made individually for each asset.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical Cost</b>	-	-	35,049	625	394,933	20,440	24,077	475,124
<b>Held at valuation value in</b>								
2021-22 and prior		15,481		145		727		16,353
2022-23		19,354		300		17,291		36,945
2023-24		345,609		47		4,535		350,191
2024-25	30,766	82,037		663		3,764		117,229
2025-26		24,388		13,859		15,316		53,563
Indexation applied								-
<b>Total</b>	<b>30,766</b>	<b>486,869</b>	<b>35,049</b>	<b>15,639</b>	<b>394,933</b>	<b>62,072</b>	<b>24,077</b>	<b>1,049,404</b>

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

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

**Indexation**

The Council has completed the assessment of indexation in line with the requirements of the Code as at 31 March 2026 and has concluded that there is no material movement in the value of assets. This is illustrated in the table below which confirms that no movements have been applied to these assets held on the balance sheet as at 31 March 2026.

Index	Average Change	Valuation Change
	%	£'000
Balance as at 1 April 2025	564,899	-
Depreciated Replacement Cost (DRC)	-	-
DRC Land	-	-
DRC School	-	-
DRC School Land	-	-
Existing Use Value (EUV)	-	-
Surplus	-	-
<b>Total Indexation Applied in 2025-26</b>	<b>0</b>	<b>0</b>

**Capital Commitment**

Capital commitment has decreased to £34.7m in 2025-26 from £50.4m in 2024-25 mainly due to contracts of Highway schemes, particularly for Transforming Cities scheme and Sustainable Transport corridor end. Darley street Markets has also completed during 2025-26.

## Note 17: Heritage Assets

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

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

2024/25					2025/26			
Museum collection	Civic regalia	Statues & Monuments	Total Assets		Museum collection	Civic regalia	Statues & Monuments	Total Assets
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
36,808	2,065	113	38,986	<b>Balance at 1 April</b>	34,133	2,065	113	<b>36,311</b>
(2,675)	-	-	(2,675)	Revaluation increases/(decreases) recognised in the revaluation reserve	20	-	-	20
<b>34,133</b>	<b>2,065</b>	<b>113</b>	<b>36,311</b>	<b>Balance at 31 March</b>	<b>34,153</b>	<b>2,065</b>	<b>113</b>	<b>36,331</b>

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

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

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

### Museum exhibits and works of art – overall collections

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

**Note 17: Heritage Assets (continued)****Civic Regalia**

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

**Statues and external works of art**

The Council includes £0.113m of Statues and Monuments on the Balance Sheet. This relates to a war memorial and a new sculpture completed in 2019-20. The value in the accounts is at historic cost. For the majority of the statues, neither cost nor valuation information can be provided and therefore reported in the Balance Sheet. This relates to over 60 statues and memorials that are located across the district.

**Other Heritage Assets**

There are also potential heritage assets not included on the balance sheet and these include: Scheduled ancient monuments and regionally important geological sites – carved rocks and caves; Library archives - maps, photographs, newspapers & electoral rolls; Fossil Tree stumps, and statues and memorials across the district.

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

No significant heritage assets were disposed of in 2025-26 (nil in 2024/25).

**Note 18: Investment Property**

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

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

2024/25		2025/26
£'000		£'000
33,765	<b>Balance at 1 April</b>	<b>43,444</b>
(2,012)	Additions/(Disposal)	(13,032)
712	Transfer to/from Property, Plant and Equipment	(4)
10,979	Net gains/(losses) from fair value adjustments	1,314
<b>43,444</b>	<b>Balance at 31 March</b>	<b>31,722</b>

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

2024/25		2025/26
£'000		£'000
(1,715)	Rental income from investment property	(1,241)
(148)	Other income (service and other charges)	(159)
432	Direct operating expenses arising from investment property	431
<b>(1,431)</b>	<b>Total</b>	<b>(969)</b>

**Note 18: Investment Property (continued)**

Investment Property has been valued by a team of qualified surveyors in Montagu Evens, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Properties are not depreciated; the fair value of the Council's investment property is considered annually at each reporting date. Properties valued at over £10k are subject to a review annually whilst those less than £10k are subject to a full revaluation every 5 years as part of the rolling programme.

**Fair value**

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes. In accordance with IFRS 13, investment properties have been valued at highest and best value. Investment properties comprise industrial, retail, residential and office units; development and grazing land. Investment assets have been valued on a desktop basis using the Investment Method of Valuation relying on data held on the council's property database and case files and the knowledge of Estate Management staff. The main considerations in valuing investment properties are rental yields and sale values; size, location, configuration and access; condition and covenants. All investment property valuations are based on such observable inputs.

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

**Highest and best use of investment properties**

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

**Note 19: Asset Held for Sale**

2024/25		2025/26
£'000		£'000
434	<b>Balance at 1 April</b>	<b>6,546</b>
9,711	Transfer (to)/from Property, Plant and Equipment	336
(434)	Asset Sold	(3,490)
(3,165)	Revaluation decrease/increase	1,685
<b>6,546</b>	<b>Balance at 31 March</b>	<b>5,077</b>

**Note 20: Cash and Cash Equivalents**

2024/25		2025/26
£'000		£'000
51	Cash held by the Council	50
83,575	Bank current accounts	88,784
<b>83,626</b>	<b>Net cash and cash equivalents</b>	<b>88,834</b>

## Note 21: Financial Instruments

### By Category

2024/25				2025/26		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Financial Assets</b>			
			<i>Amortised cost</i>			
1,424	74,783	76,207	Trade Debtors	1,093	46,080	47,173
-	83,626	83,626	Cash and cash equivalents	-	88,834	88,834
<b>1,424</b>	<b>158,409</b>	<b>159,833</b>		<b>1,093</b>	<b>134,914</b>	<b>136,007</b>
3,951	-	3,951	Fair value through other comprehensive income	3,937	-	3,937
<b>5,375</b>	<b>158,409</b>	<b>163,784</b>	<b>Total financial assets</b>	<b>5,030</b>	<b>134,914</b>	<b>139,944</b>
			<b>Financial Liabilities</b>			
			<i>Amortised cost</i>			
(529,102)	(217,558)	(746,660)	** Loans outstanding	(528,904)	(218,910)	(747,814)
(150,379)	(11,280)	(161,659)	PFI contracts	(140,285)	(12,336)	(152,621)
(2,372)	(574)	(2,946)	Finance leases	(2,217)	(674)	(2,891)
(3,303)	(123)	(3,426)	Other-Liabilities	(3,161)	(131)	(3,292)
	(58,664)	(58,664)	Creditors	-	(44,616)	(44,616)
<b>(685,156)</b>	<b>(288,199)</b>	<b>(973,355)</b>		<b>(674,567)</b>	<b>(276,667)</b>	<b>(951,234)</b>
<b>(685,156)</b>	<b>(288,199)</b>	<b>(973,355)</b>	<b>Total financial liabilities</b>	<b>(674,567)</b>	<b>(276,667)</b>	<b>(951,234)</b>

Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans

## Note 21: Financial Instruments (continued)

## Income, Expense, Gains and Losses

2024/25				2025/26		
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income		Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income
£'000	£'000	£'000		£'000	£'000	£'000
44,116	-	-	<b>Net gains/Losses on:</b>			
			Interest expense	44,329	-	-
<b>44,116</b>	<b>-</b>	<b>-</b>	<b>Total expense in Surplus/Deficit on the Provision of Service</b>	<b>44,329</b>	<b>-</b>	<b>-</b>
-	(3,268)	-	Interest income	-	(3,446)	-
<b>-</b>	<b>(3,268)</b>	<b>-</b>	<b>Total Income in Surplus/Deficit on the Provision of Services</b>	<b>-</b>	<b>(3,446)</b>	<b>-</b>
			<b>Interest revenue</b>			
-	-	(291)	Gains on Revaluation	-	-	14
-	-	(291)	<b>Surplus/Deficit arising on Revaluation of financial Assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>44,116</b>	<b>(3,268)</b>	<b>(291)</b>	<b>Net gain/Loss for the Year</b>	<b>44,329</b>	<b>(3,446)</b>	<b>14</b>

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

### Overall procedures for managing risk

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

### Credit Risk

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

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

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

### Credit Risk - Treasury Investments

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

2024/25			Lowest Credit rating	2025/26		
FVOCI	Loans and Receivables	Cash and cash equivalents		FVOCI	Loans and Receivables	Cash and cash equivalents
£'000	£'000	£'000		£'000	£'000	£'000
-	-	83,626	AAA	-	-	88,834
3,951	76,207	-	Not Applicable	3,937	47,173	-
<b>3,951</b>	<b>76,207</b>	<b>83,626</b>		<b>3,937</b>	<b>47,173</b>	<b>88,834</b>

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

**Note 21: Financial Instruments - Nature and Extent of Risks Arising from Financial Instruments (continued)****Credit Risk - Trade Debtors**

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

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

2024/25		2025/26
£'000		£'000
11,336	Balance c/f	14,216
2,880	Increase in impairment allowance	12,308
<b>14,216</b>	<b>Balance c/f</b>	<b>26,523</b>

**Liquidity risk**

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

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

2024/25		2025/26
£'000		£'000
210,155	Less than 1 year	211,175
159,639	Between 2 and 5 years	175,991
88,446	Between 5 and 10 years	81,918
45,000	Between 10 and 15 years	50,000
236,017	More than 15 years	220,997
<b>739,257</b>	<b>Total</b>	<b>740,081</b>

The above analysis assumes that Lender Option, Borrower Option loans (LOBOs) run their full term. The total borrowing shown on the Balance Sheet, of £747.814m (£746.660m in 2024-25) calculated by adding together short term £218.910m (£217.558m in 2024-25) and long term borrowing £528.904m (£529.102m in 2024-25), includes accrued interest of £7.733m (£7.403m in 2024-25), per accounting regulations. Accrued interest is not included in the above table.

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

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

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

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

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

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

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

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

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

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

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

	2024/25	2025/26
	£'000	£'000
Increase in interest payable on variable rate borrowings	-	-
Increase in interest receivable on receivable rate investments	(841)	(841)
<b>Impact on surplus/deficit on the provision of services</b>	<b>(841)</b>	<b>(841)</b>

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

## Note 22: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2026 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2025/26 was £107m (2024/25, £170m). The financing sources used are shown below and include amounts used to finance REFCUS expenditure.

2024/25		2025/26
£'000		£'000
907,644	<b>Opening capital financing requirement</b>	1,078,504
46,270	Adjustment IFRS16 Leases (including PFI)	1,044
953,914	<b>Revised opening capital financing requirement</b>	1,079,548
	<u>Capital investment</u>	
126,826	Property, plant and equipment	79,332
23	Intangible Assets	57
43,105	Revenue expenditure funded from capital under statute	26,864
-	Assets acquired under finance leases	591
120,000	Capitalisation of revenue costs under Exceptional Financial Support (EFS)	113,000
	<u>Sources of finance</u>	
(11,259)	- Capital receipts	(23,214)
(97,163)	- Government grants and other contributions	(69,359)
(18,947)	- Ringfenced Capital Receipt	-
	<u>Sums set aside from revenue</u>	
(5,302)	- Direct revenue financing	(5,716)
(32,693)	- Minimum revenue provision	(37,928)
1,078,504	<b>Closing capital financing requirement</b>	1,163,175
	<b>Explanation of movements in year:</b>	
124,553	Increase/(decrease) in underlying need to borrow	83,036
37	Assets acquired under finance leases & IFRS16 Leases adjustment	591
124,590	<b>Increase/(decrease) in CFR for the year</b>	83,627

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £26.864m (£43.104m in 2024-25). Grants of £19.508m funded this in year REFCUS expenditure (£29.929m in 2024-25), including £4.035m transferred from the Capital Grants Unapplied reserve (£11.087m in 2024-25). These are payments of a capital nature where no non-current asset is created, mainly grants made to individuals or organisations for capital purposes, such as improvement grants.

## Note 23: Leases

From 2024/25, the Council applied IFRS 16 Leases as required by the CIPFA Code of Practice for Local Authority Accounting in the United Kingdom. Leased assets require the recognition for a right of use asset and a lease liability are brought onto the balance sheet. Leases for items of low value and leases that expire on or before 31 March 2026 are exempt from the arrangements, although the table below confirms the amounts that are accounted for under this exemption.

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

	Land and Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2024</b>	<b>2,989</b>	<b>426</b>	<b>3,415</b>
Additions	-	37	37
Revaluations	-	-	-
Depreciation	-	(209)	(209)
Disposals	-	(31)	(31)
<b>Balance at 31 March 2025</b>	<b>2,989</b>	<b>223</b>	<b>3,212</b>
Additions	3,652	-	3,652
Revaluations	-	-	-
Depreciation	(535)	(15)	(550)
Disposals	-	-	-
<b>Balance at 31 March 2026</b>	<b>6,105</b>	<b>208</b>	<b>6,313</b>

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

2024/25		2025/26
£'000	Comprehensive income and expenditure statement	£'000
169	Interest expense on lease liabilities	152
60	Expense relating to short term leases	3
272	Expense relating to low value items	244
	<b>Cashflow Statement</b>	
773	Total cash (inflow)/outflow for leases	818

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

2024/25		2025/26
£'000		£'000
665	Less than one year	769
2,293	One to five years	2,011
423	More than five years	446
<b>3,381</b>	<b>Total undiscounted liabilities</b>	<b>3,226</b>

**Note 23: Leases (continued)****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:

2024/25			2025/26	
£'000			£'000	
		Finance lease debtor (net present value of minimum lease payments):		
210		Non-current ( later than one year)		210
2,389		Unearned finance income		2,363
<b>2,599</b>		<b>Gross investment in the lease</b>		<b>2,573</b>

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

2024/25			2025/26	
Net investment in the lease	Minimum lease payments		Net investment in the lease	Minimum lease payments
£'000	£'000		£'000	£'000
26	26	Not later than 1 year	26	26
105	105	Later than 1 year and not later than 5 years	105	105
2,468	2,468	Later than 5 years	2,441	2,441
<b>2,599</b>	<b>2,599</b>		<b>2,572</b>	<b>2,572</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The gross investment in the leases is assumed to be the same as the minimum lease payments because no residual value has been assumed for the lease at the end date.

**Note 23: Leases (continued)****Operating leases**

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

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2024/25		2025/26
£'000		£'000
1,605	Not later than 1 year	1,770
3,962	Later than 1 year and not later than 5 years	4,752
46,626	Later than 5 years	17,459
<b>52,193</b>		<b>23,981</b>

The minimum lease payments receivable does not include rents that are contingent on events after the lease was entered into, such as income based on a percentage of income receipts. In 2025-26 £0.101m contingent rents were receivable by the Council (2024-25 £0.411m).

## Note 24: Private Finance Initiative and Similar Contracts

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

### BSF Phase 1 – Provision of three schools

The Council has a 25-year PFI contract for the building and maintenance of three schools under the Building Schools for the Future Phase 1 programme. The contract commenced in August 2008 and expires in August 2033.

The Council has rights under the contract to specify the activities undertaken at each school, and the contract specific minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The contractor took on the obligation to construct and maintain the schools to a minimum acceptable condition and to procure and maintain the necessary plant and equipment needed to keep the schools operational. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council would have to pay the contractor substantial compensation if it terminated the contract early without due cause.

2024/25		2025/26
£'000		£'000
(501)	<b>Charge to Net Cost of Services</b>	<b>357</b>
6,557	Unitary Payments to the Contractor for services provided	7,485
4,461	Net Operating Expenditure/Interest element of finance lease payments	4,200
	<b>Movement in Reserves Statement</b>	
3,722	Capital element of finance lease	4,113
<b>14,740</b>	<b>Total PFI charges</b>	<b>15,798</b>
	<b>Financed By</b>	
9,005	Government PFI Revenue Grant	9,005
6,092	Education	6,607
<b>15,097</b>	<b>Total Financing</b>	<b>15,612</b>
<b>357</b>	<b>Transfer to BSF PFI Reserve</b>	<b>(186)</b>

The assets used to provide services at the schools are recognised on the Council's Balance Sheet, as regards one Community School. The other school assets are de-recognised because they are Academies. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 16.

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2026 are as follows:

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

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2026 are as follows:

2024/25					2025/26			
Service cost	Repayment of liability	Interest	Total Unitary Charge		Service cost	Repayment of liability	Interest	Total Unitary Charge
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(6,571)	(4,049)	(4,135)	(14,755)	within 1 year	(6,675)	(4,473)	(3,840)	(14,988)
(26,284)	(20,069)	(12,665)	(59,018)	within 2-5 years	(26,700)	(22,175)	(11,078)	(59,953)
(22,233)	(23,043)	(4,646)	(49,922)	within 6-10 years	(15,910)	(17,148)	(2,667)	(35,725)
<b>(55,088)</b>	<b>(47,161)</b>	<b>(21,446)</b>	<b>(123,695)</b>	<b>Closing balance</b>	<b>(49,285)</b>	<b>(43,795)</b>	<b>(17,585)</b>	<b>(110,665)</b>

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:

2024/25	Analysis of Outstanding Liability for BSF Phase 1	2025/26
£'000		£'000
<b>49,475</b>	<b>Opening outstanding Balance</b>	<b>47,161</b>
<b>1,408</b>	Adjustment IFRS16	747
<b>(3,722)</b>	Payment during the year	(4,113)
<b>47,161</b>	<b>Balance outstanding at year end</b>	<b>43,795</b>

In line with IFRS16 requirement, where indexation (or other change in rate) affects future service payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised payments. The increase in liabilities shown on the Balance Sheet for all three schools under BSF phase 1 is £0.747m, which was recognised at 1 April 2025.

The increase in lease liabilities arising from IFRS 16 measurement principles has not resulted in an increase in the Balance Sheet asset valuations. For PFI schools that have transferred to academy status, the associated assets are no longer recognised on the Council's Balance Sheet; therefore, the additional indexation costs relating to these assets have been treated as REFUCS. For the one remaining maintained school that is recognised on the Balance Sheet, the additional cost relates solely to the increase in the IFRS 16 liability rather than the valuation of the underlying asset. This increase would have been immediately impaired had it been capitalised. Given that only one maintained school remains, the proportion of the total IFRS 16 measurement adjustment attributable to this asset is not material. As a result, the full £0.747 million of additional indexation costs has been treated as REFUCS.

The closing value of assets held under the scheme at 31 March 2026 was £19.417m (£19.513m 31 March 2025) 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 2026 were £43.795m (£47.161m at 31 March 2025). The decrease of £3.366m is due to the remeasured opening liability less payments during the year.

**Note 24: Private Finance Initiative and Similar Contracts (continued)****BSF Phase 2**

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

2024/25		2025/26	
£'000		£'000	
(757)	<b>Charge to Net Cost of Services</b>		<b>(462)</b>
14,076	Unitary Payments to the Contractor for services provided		15,061
8,692	Net Operating Expenditure Interest element of finance lease payments		8,327
	<b>Movement in Reserves Statement</b>		
6,748	Capital element of finance lease		7,337
<b>29,516</b>	<b>Total PFI charges</b>		<b>30,725</b>
	<b>Financed By</b>		
18,297	Government PFI Revenue Grant		18,297
10,757	Education		12,490
<b>29,054</b>	<b>Total Financing</b>		<b>30,787</b>
<b>(462)</b>	<b>Transfer to BSF PFI Reserve</b>		<b>62</b>

**Payments**

The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2026 are as follows:

2024/25					2025/26			
Service cost	Repayment of liability	Interest	Total Unitary Charge		Service cost	Repayment of liability	Interest	Total Unitary Charge
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(14,012)	(7,232)	(8,208)	(29,452)	within 1 year	(14,215)	(7,863)	(7,802)	(29,880)
(56,050)	(34,498)	(27,263)	(117,811)	within 2-5 years	(56,862)	(37,506)	(25,151)	(119,519)
(70,062)	(58,992)	(18,209)	(147,263)	within 6-10 years	(71,077)	(63,457)	(14,186)	(148,720)
(14,012)	(13,776)	(988)	(28,776)	within 11-15 years	-	-	-	-
<b>(154,136)</b>	<b>(114,498)</b>	<b>(54,668)</b>	<b>(323,302)</b>	<b>Closing balance</b>	<b>(142,154)</b>	<b>(108,826)</b>	<b>(47,139)</b>	<b>(298,119)</b>

**Note 24: Private Finance Initiative and Similar Contracts (continued)****BSF Phase 2**

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

2024/25	Analysis of Outstanding Liability for BSF Phase 2	2025/26
£'000		£'000
79,426	Opening outstanding Balance	114,499
41,821	Adjustment IFRS16	1,664
(6,748)	Payment during the year	(7,337)
<b>114,499</b>	<b>Balance outstanding at year end</b>	<b>108,826</b>

Under IFRS16, The increase in liabilities shown on the Balance Sheet for all four schools under BSF phase 2 is 1.664m, which was recognised at 1 April 2025.

The increase in liability due to IFRS16 measurement principles has not increased the Balance Sheet asset valuations. As all seven PFI schools under BSF phase 2 have transferred to academy status, assets associated are not reflected in the Council's Balance Sheet, therefore the £1.664m additional cost from indexation for these assets has been treated as REFCUS.

The closing value of assets held under the scheme at 31 March 2025 was zero as all schools are now Academies (£nil 31 March 2025) in respect of the BSF Phase 2 scheme. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2026 were £108.826m (£114.499m 31 March 2025).

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

The remaining BSF scheme assets total £19.417m, per Note 16 and the total liabilities are £152.621m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £133.204m. This reduces the Council's Net Assets as shown in its Balance Sheet, by £133.204m.

## Note 25: Fair value of assets and liabilities

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

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

The following tables combine information about:

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

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

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

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

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

The basis of valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

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

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

2025/26	Carrying Value						Fair Value £'000	Level in Fair Value Hierarchy
	Financial and non-financial assets			Financial liabilities		Total £'000		
	Fair value through profit and loss £'000	Fair value through other comprehensive income £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Liabilities at FVOCI £'000			
<b>Financial assets</b>								
<i>Assets at amortised cost:</i>								
Financial assets at contracted amounts	-	-	46,080	-	-	46,080		
Third Party Debtor Loans	-	-	1,093	-	-	1,093		
Cash and cash equivalents	-	-	88,834	-	-	88,834		
Fair value through other comprehensive income	-	3,937	-	-	-	3,937	3	
<b>Total financial assets</b>	-	<b>3,937</b>	<b>136,007</b>	-	-	<b>139,944</b>	<b>3,937</b>	
<b>Non-financial assets</b>								
Investment property	31,722	-	-	-	-	31,722	31,722	2
Surplus assets	15,639	-	-	-	-	15,639	17,159	2
Assets held for sale	5,077	-	-	-	-	5,077	5,077	2
<b>Total financial and non-financial assets</b>	<b>52,438</b>	<b>3,937</b>	<b>136,007</b>	-	-	<b>192,382</b>	<b>57,895</b>	
<b>Financial liabilities</b>								
<i>Liabilities at amortised cost:</i>								
Loans outstanding	-	-	-	(747,814)	-	(747,814)	(657,684)	
PFI contracts and finance lease liabilities	-	-	-	(155,512)	-	(155,512)	(155,512)	
Creditors	-	-	-	(44,616)	-	(44,616)	(44,616)	
Other Liabilities	-	-	-	(3,292)	-	(3,292)	(3,436)	
<b>Total financial liabilities</b>	-	-	-	<b>(951,234)</b>	-	<b>(951,234)</b>	<b>(861,248)</b>	

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

2024/25	Carrying Value						Fair Value £'000	Level in Fair Value Hierarchy
	Financial and non-financial assets			Financial liabilities		Total £'000		
	Fair value through profit and loss £'000	Fair value through other comprehensive income £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Liabilities at FVOCI £'000			
<b>Financial assets</b>								
<i>Assets at amortised cost:</i>								
Financial assets at contracted amounts	-	-	74,783	-	-	74,783		
Third Party Debtor Loans	-	-	1,424	-	-	1,424		
Cash and cash equivalents	-	-	83,626	-	-	83,626		
Fair value through other comprehensive income	-	3,951	-	-	-	3,951	3	
<b>Total financial assets</b>	-	<b>3,951</b>	<b>159,833</b>	-	-	<b>163,784</b>	<b>3,951</b>	
<b>Non-financial assets</b>								
Investment property	43,444	-	-	-	-	43,444	43,444	2
Surplus assets	17,159	-	-	-	-	17,159	17,159	2
Assets held for sale	6,546	-	-	-	-	6,546	6,546	2
<b>Total financial and non-financial assets</b>	<b>67,149</b>	<b>3,951</b>	<b>159,833</b>	-	-	<b>230,933</b>	<b>71,100</b>	
<b>Financial liabilities</b>								
<i>Liabilities at amortised cost:</i>								
Loans outstanding	-	-	-	(746,660)	-	(746,660)	(666,892)	
PFI contracts and finance lease liabilities	-	-	-	(164,605)	-	(164,605)	(164,605)	
Creditors	-	-	-	(58,664)	-	(58,664)	(58,664)	
Other Liabilities	-	-	-	(3,426)	-	(3,426)	(3,447)	
<b>Total financial liabilities</b>	-	-	-	<b>(973,355)</b>	-	<b>(973,355)</b>	<b>(893,608)</b>	

**Note 25: Fair value of assets and liabilities (continued)****Reconciliation of fair values within Level 3**

	Fair Value at 31 March 2025	Unrealised gains and losses	Fair Value at 31 March 2025	Unrealised gains and losses	Fair Value at 31 March 2026
	£'000	£'000	£'000	£'000	£'000
Unquoted equity investments	3,659	291	3,951	(14)	3,937
<b>Balance at 31 March 2026</b>	<b>3,659</b>	<b>291</b>	<b>3,951</b>	<b>(14)</b>	<b>3,937</b>

**Sensitivity analysis of fair values within Level 3 2025-26**

	Fair Value at 31 March 2025	Assessed valuation range		Value on increase	Value on decrease
	£'000	+ %	- %	£'000	£'000
Unquoted equity investments	3,937	4.84	(4.84)	4,128	3,746
<b>Balance at 31 March 2026</b>	<b>3,937</b>			<b>4,128</b>	<b>3,746</b>

**Sensitivity analysis of fair values within Level 3 2024-25**

	Fair Value at 31 March 2025	Assessed valuation range		Value on increase	Value on decrease
	£'000	+ %	- %	£'000	£'000
Unquoted equity investments	3,951	4.84	(4.84)	4,142	3,759
<b>Balance at 31 March 2026</b>	<b>3,951</b>			<b>4,142</b>	<b>3,759</b>

**Note 26: Debtors**

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

2024/25			2025/26	
Short-term	Long-term		Short-term	Long-term
£'000	£'000		£'000	£'000
34,267	-	Central government bodies	27,982	-
24,715	-	Other local authorities	20,650	-
20,238	-	NHS bodies	9,712	-
110,396	1,424	Other entities and individuals	108,796	1,093
11,177	-	General payments in advance	9,404	-
<b>200,793</b>	<b>1,424</b>	<b>Total</b>	<b>176,544</b>	<b>1,093</b>
<b>Less Impairments</b>				
23,567	-	Collection Fund	26,396	-
14,216	-	Other	26,523	-
<b>163,010</b>	<b>1,424</b>	<b>Total</b>	<b>123,625</b>	<b>1,093</b>

The net debtors have decreased from a total of £163.010m as at 31 March 2025 to £123.625m as at 31 March 2026, a decrease of £39.385m.

The "Other entities and individuals" receivable amount includes statutory debtors of £45.570m due for Council Tax and £7.256m due for NNDR in 2025-26 (£40.939m and £5.643m respectively in 2024-25). The £45.570m due for Council Tax and £7.256m due for NNDR have impairment allowances of £22.232m and £4.164m respectively in 2025-26 (£20.035m and £3.532m respectively in 2024-25).

**Note 27: Creditors**

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2026.

2024/25			2025/26	
Short-term			Short-term	
£'000			£'000	
(15,167)		Central government bodies	(15,758)	
(859)		Other local authorities	(2,127)	
(4,697)		NHS bodies	(2,800)	
(100,436)		Other entities and individuals	(86,063)	
<b>(121,159)</b>		<b>Total</b>	<b>(106,748)</b>	
		<u>Receipts in advance</u>		
(33,327)		Sundry	(33,253)	
(7,918)		Other Contributions	(8,360)	
<b>(162,404)</b>		<b>Total</b>	<b>(148,361)</b>	

## Note 28: Provisions

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

Short term provisions	Personal Search	NNDR Appeals	Insurance	Other	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025	-	(3,575)	(627)	(409)	(4,611)
Amounts used	-	1,449	594	321	2,364
Additional provisions	-	(1,152)	(802)	(468)	(2,422)
Unused amounts reversed in year	-	-	-	-	-
<b>Balance at 31 March 2026</b>	-	<b>(3,278)</b>	<b>(835)</b>	<b>(556)</b>	<b>(4,669)</b>

### NNDR Appeals

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

### Insurance Claims

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

Long term provisions	MMI Scheme	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 31 March 2025	(589)	(3,591)	(4,180)
Amounts used	171	1,201	1,372
Additional provisions	(194)	(905)	(1,099)
<b>Balance at 31 March 2026</b>	<b>(612)</b>	<b>(3,295)</b>	<b>(3,907)</b>

### Municipal Mutual Insurance (MMI)

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

### Insurance Claims

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

**Note 29: Unusable Reserves**

2024/25		2025/26
£'000		£'000
(207,745)	Revaluation reserve	(203,676)
141,947	Capital adjustment account	236,758
(227)	Deferred capital receipts	(227)
4,300	Financial instruments adjustment account	4,020
(475)	Financial Instruments Revaluation Reserve	(461)
72,521	Pension reserve	68,076
363	Collection Fund adjustment account	(51)
11,015	Accumulated absence account	11,051
<b>21,699</b>	<b>Total</b>	<b>115,490</b>

**Note 29a: Revaluation Reserve**

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

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

2024/25		2025/26
£'000		£'000
<b>(173,841)</b>	<b>Balance at 1 April</b>	<b>(207,745)</b>
(41,444)	Revaluation of assets (upward)/downward	(7,013)
-	Impairments not charged to the Surplus or deficit on the Provision of Services	-
4,209	Accumulated gains on assets sold or scrapped	6,642
3,331	Adjustment to depreciation on revalued assets	4,440
<b>(207,745)</b>	<b>Balance at 31 March</b>	<b>(203,676)</b>

## Note 29b: Capital Adjustment Account

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

2024/25		2025/26
£'000		£'000
16,136	<b>Balance at 1 April</b>	<b>141,947</b>
	<b>Reversal of items debited and credited to the Comprehensive Income and Expenditure Statement</b>	
43,230	PFI Liabilities remeasurement on transition to IFRS16	2,411
42,603	Depreciation and impairment of non current assets	46,475
34,049	Revaluation gains or losses on property, plant and equipment	32,272
-	Peppercorn leases adjustment	(1,367)
(10,979)	Increase/decrease in value of investment properties	(1,314)
43,104	Revenue expenditure funded from capital under statute	26,864
14,458	Current value of asset disposals	24,135
(6,697)	Long Term Debtor Loan Impairment Allowance	(366)
	<b>Adjusting amounts written out of the revaluation reserve</b>	
(3,331)	Adjustment to depreciation on revalued assets	(4,440)
(4,209)	Accumulated gains on assets sold or scrapped	(6,642)
	<b>Capitalisation Direction</b>	
120,000	Capitalisation Direction	113,000
<b>272,228</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>231,028</b>
	<b>Capital financing applied in year</b>	
(11,259)	Capital receipts	(23,214)
(91,468)	Capital grants and contributions	(59,488)
(5,695)	Application of Grants from Capital grants unapplied	(9,871)
(32,692)	Minimum revenue provision	(37,928)
(5,302)	Direct revenue financing	(5,716)
<b>(146,416)</b>	<b>Capital financing applied in year</b>	<b>(136,217)</b>
<b>141,947</b>	<b>Balance at 31 March</b>	<b>236,758</b>

**Note 29c: Deferred capital receipts reserve**

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

2024/25		2025/26
£'000		£'000
(227)	<b>Balance at 1 April</b>	(227)
-	Other Adjustments	-
(227)	<b>Balance at 31 March</b>	(227)

**Note 29d: Financial Instruments Adjustment Account**

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

2024/25		2025/26
£'000		£'000
4,578	<b>Balance at 1 April</b>	4,300
(278)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(279)
4,300	<b>Balance at 31 March</b>	4,020

**Note 29e: Financial Instruments Revaluation Reserve**

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

2024/25		2025/26
£'000		£'000
(183)	<b>Balance at 1 April</b>	(475)
(291)	Revaluation gain on assets	14
(475)	<b>Balance at 31 March</b>	(461)

**Note 29f: Pensions Reserve**

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

2024/25		2025/26
£'000		£'000
(53,017)	<b>Balance at 1 April</b>	<b>72,521</b>
132,634	Actuarial gains/(losses) on pensions assets & liabilities	10,408
47,701	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	40,590
(54,797)	Employer's pensions contributions & direct payments to pensioners payable in the year	(55,443)
<b>72,521</b>	<b>Balance at 31 March</b>	<b>68,076</b>

**Note 29g: Collection Fund Adjustment Account**

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

2024/25				2025/26		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
(4,442)	518	(3,924)	<b>Balance at 1 April</b>	(2,078)	2,441	363
2,364	1,923	4,287	Amount by which council tax & NNDR income credited to the CIES is different from the income calculated for the year in accordance with statutory requirements	2,523	(2,937)	(414)
(2,078)	2,441	363	<b>Balance at 31 March</b>	<b>445</b>	<b>(496)</b>	<b>(51)</b>

**Note 29h: Accumulated Absence Account**

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

2024/25		2025/26
£'000		£'000
<b>9,708</b>	<b>Balance at 1 April</b>	<b>11,015</b>
(9,708)	Settlement or cancellation of accrual made at the end of preceding year	(11,015)
11,015	Amounts accrued at the end of the current year	11,051
<b>11,015</b>	<b>Balance at 31 March</b>	<b>11,051</b>

## Note 30: Defined Benefit Pension Schemes

### Participation in pension schemes

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

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

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

### Defined contribution schemes

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

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

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

The scheme had 12,911 participating employers in 2024-25, 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 2026, the Council's own contributions equate to approximately 0.14%.

In 2025-26, the Council paid £17.275m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2024-25 were £16.718m and 28.68%. There were contributions remaining payable at the year-end of £1.945m (£1.370m at end of 2024-25). The contributions due to be paid in the next financial year are estimated to be £18.000m.

**The NHS Pension Scheme** is administered by the NHS Pensions on behalf of the Department of Health and Social Care (DHSC). The Scheme provides the relevant employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Valuations of the notional fund are undertaken every four years.

The scheme had 7,770 participating employers as at 31 March 2025, including 121 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 2026, the Council's own contributions equate to approximately 0.001%.

In 2025-26, the Council paid £0.233m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay, plus an additional £0.021m, representing 2.5% of pensionable pay. The figures for 2024-25 were £0.245m and 14.38%, plus an additional £0.023m and 2.5%. There were contributions remaining payable at the year-end of £0.020m (£0.019m at end of 2024-25). The contributions due to be paid in the next financial year are estimated to be £0.233m, plus an additional £0.021m.

**Note 30: Defined Benefit Pension Schemes (continued)****Defined benefits schemes**

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

The **Local Government Pension Scheme (LGPS)** is a national scheme but administered locally. For the Council, this is the West Yorkshire Pension Fund administered by the Council. The contribution rates set by the actuary are intended to balance the fund's liabilities with the investment assets over the period. The employer contribution rate for the year 2025-26 in respect of Bradford members of the West Yorkshire Pension Fund was 16.2%.

This is a funded career average defined benefit scheme. This means the pension is determined by averaging members' salaries earned over the entire period of membership in the pension scheme. The Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2022 for the three years 1 April 2023 to 31 March 2026.

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

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

The principal risks to the Council from participation in the LGPS are:

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

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

**Note 30: Defined Benefit Pension Schemes (continued)****Asset Ceiling**

Following the pensions valuation by the Council's actuary, Aon, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations as at 31 March 2026 resulting in a pension plan asset for the fourth consecutive year. IAS19 "Employees Benefits" requires that, where a pension plan asset exists, it is measured at the lower of

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

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

The Council's surplus in the defined benefit plan as at 31 March 2026 is above the asset ceiling that has been calculated by the Council's actuary. Therefore, the amount of the surplus that is recognised in the Council's balance sheet is restricted to the asset ceiling that has been calculated by the Council's actuary.

**Discretionary post-retirement benefits**

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

**Transactions Relating to Post-Employment Benefits**

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

**Actuarial Confirmation**

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

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

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

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

**Note 30: Defined Benefit Pension Schemes (continued)****Transactions relating to post-employment benefits**

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

2024/25				2025/26			Notes
Local Government Pension Scheme	Teachers' Pension Scheme	Total		Local Government Pension Scheme	Teachers' Pension Scheme	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			<b>Comprehensive Income and Expenditure Statement</b>				
			<i>Cost of services:</i>				
50,271	-	50,271	Current service cost	37,199	-	37,199	(i)
1,274	-	1,274	Past service cost	772	-	772	
			<i>Financing and investment income and expenditure:</i>				
(6,302)	2,458	(3,844)	Interest cost	38	2,581	2,619	(ii)
<b>45,243</b>	<b>2,458</b>	<b>47,701</b>	<b>Total Post employment benefit charged to the (surplus)/deficit on provision of services</b>	<b>38,009</b>	<b>2,581</b>	<b>40,590</b>	
			<i>Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement</i>				(iv)
			<i>Remeasurement of the net defined benefit liability comprising:</i>				
19,905	-	19,905	- Return on plan assets, excluding the amount included in the net interest expense	(254,389)	-	(254,389)	(iii)
481	97	578	- Experience (gain)/loss	77,839	(679)	77,160	
(388,305)	(3,294)	(391,599)	- Actuarial gains/(losses) arising from changes in financial assumptions	(27,268)	(363)	(27,631)	
(17,169)	(332)	(17,501)	- Actuarial gains/(losses) arising from changes in demographic assumptions	12,965	1,315	14,280	
521,251	-	521,251	- Actuarial gains/(losses) due to restriction of surplus	200,988	-	200,988	
<b>136,163</b>	<b>(3,529)</b>	<b>132,634</b>	<b>Total Post employment benefit charged to Other Comprehensive Income &amp; Expenditure</b>	<b>10,135</b>	<b>273</b>	<b>10,408</b>	
<b>181,406</b>	<b>(1,071)</b>	<b>180,335</b>	<b>Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>48,144</b>	<b>2,854</b>	<b>50,998</b>	
			<b>Movement in Reserves Statement</b>				
(45,243)	(2,458)	(47,701)	Reversal of net charges made to the (surplus)/deficit on provision of services for post employment benefits in accordance with the Code (including Administration expenses)	(38,009)	(2,581)	(40,590)	
			<i>Actual amount charged against the General Fund balance for pensions in the year:</i>				
45,718	-	45,718	- Employers' contributions payable to scheme	47,061	-	47,061	
3,258	5,821	9,079	- Retirement benefits payable to pensioners	2,953	5,429	8,382	

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

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

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

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

## Note 30: Defined Benefit Pension Schemes (continued)

## Assets and Liabilities in Relation to Post-Employment Benefits

2024/25					2025/26			
Local Government Pension Scheme (LGPS)	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total		Local Government Pension Scheme (LGPS)	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				<b>Reconciliation of fair value of the scheme liabilities</b>				
(2,445,022)	(29,227)	(54,075)	(2,528,324)	<b>Opening balance at 1 April</b>	(2,108,450)	(25,338)	(47,183)	(2,180,971)
(50,271)	-	-	(50,271)	Current service cost *	(37,199)	-	-	(37,199)
(115,013)	(1,326)	(2,458)	(118,797)	Interest on pension liabilities	(119,422)	(1,385)	(2,581)	(123,388)
(17,579)	-	-	(17,579)	Member contributions	(18,557)	-	-	(18,557)
(1,274)	-	-	(1,274)	Past service cost (gain)	(772)	-	-	(772)
				<i>Remeasurement gain/(loss):</i>				
16,997	172	332	17,501	- Actuarial gains/(losses) arising from changes in demographic assumptions	(12,274)	(691)	(1,315)	(14,280)
386,468	1,837	3,294	391,599	- Actuarial gains/(losses) arising from changes in financial assumptions	27,080	188	363	27,631
(429)	(52)	(97)	(578)	- Experience gain/(loss)	(78,644)	805	679	(77,160)
117,673	3,258	5,821	126,752	Estimated benefits paid	120,374	2,953	5,429	128,756
<b>(2,108,450)</b>	<b>(25,338)</b>	<b>(47,183)</b>	<b>(2,180,971)</b>	<b>Closing balance at 31 March</b>	<b>(2,227,864)</b>	<b>(23,468)</b>	<b>(44,608)</b>	<b>(2,295,940)</b>
				<b>Reconciliation of fair value of the scheme assets</b>				
<b>2,688,556</b>	-	-	<b>2,688,556</b>	<b>Opening balance at 1 April</b>	<b>2,742,062</b>	-	-	<b>2,742,062</b>
127,787	-	-	127,787	Interest on plan assets	157,518	-	-	157,518
				<i>Remeasurement gain/(loss):</i>				
(19,905)	-	-	(19,905)	- the return on plan assets, excluding the amount included in the net interest expense	254,389	-	-	254,389
45,718	3,258	5,821	54,797	Employer contributions	47,061	2,953	5,429	55,443
-	-	-	-	(Loss) on settlement	-	-	-	-
17,579	-	-	17,579	Contributions by scheme participants	18,557	-	-	18,557
(117,673)	(3,258)	(5,821)	(126,752)	Benefits paid	(120,374)	(2,953)	(5,429)	(128,756)
<b>2,742,062</b>	-	-	<b>2,742,062</b>	<b>Closing balance at 31 March</b>	<b>3,099,213</b>	-	-	<b>3,099,213</b>

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

\* The current service cost includes an allowance for the administration expenses of £1.527m in 2025-26 (£1.234m in 2024-25).

**Note 30: Defined Benefit Pension Schemes (continued)****Pensions Assets and Liabilities recognised in the Balance Sheet**

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

2024/25					2025/26			
Local Government Pension Scheme	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total		Local Government Pension Scheme	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(2,108,450)	(25,338)	(47,183)	(2,180,971)	Present value of defined benefit obligation	(2,227,864)	(23,468)	(44,608)	(2,295,940)
(633,612)	-	-	(633,612)	Impact of Asset Ceiling - Unrecognised Asset	(871,349)	-	-	(871,349)
2,742,062	-	-	2,742,062	Fair value of employer assets	3,099,213	-	-	3,099,213
-	(25,338)	(47,183)	(72,521)	<b>(Deficit)/gain in the scheme</b>	-	(23,468)	(44,608)	(68,076)

The Council's LGP scheme has a net pensions liability of £23.468m as at 31 March 2026, compared with a net pensions asset of £25.338m as at 31 March 2025. The primary reason for this was the restriction of the amount of the surplus that is recognised in the Council's balance sheet to the asset ceiling that has been calculated by the Council's actuary. Before consideration of a surplus restriction, there was a net pensions asset due to the value of the pension fund assets exceeding the current value of the pension liabilities. The value of the pension fund assets showed an increase as a result of better-than-expected performance from the pension fund assets during the year and the value of the pension liabilities showed a reduction as a result of an actuarial loss due to liability experience. Teachers discretionary benefits scheme has a net pension liability of £44.608m as at 31 March 2026 (£47.183m at 31 March 2025).

**Reconciliation of the effect of the Asset Ceiling - Unrecognised Asset**

	£'000
Effect of asset ceiling at 31 March 2025	(633,612)
Interest on the effect of the asset ceiling	(36,749)
Change in the effect of the asset ceiling	(200,988)
Effect of asset ceiling at 31 March 2026	(871,349)

**Note 30: Defined Benefit Pension Schemes (continued)****Assets in the scheme**

Assets in the LGPS comprised:

2024/25			2025/26					
£'000	%		£'000	%	£'000	%	£'000	%
Total	Total		Quoted	Quoted	Unquoted	Unquoted	Total	Total
2,174,456	79.3%	Equities	1,995,892	64.4%	461,783	14.9%	2,457,675	79.3%
246,786	9.0%	Government Bonds	278,929	9.0%	-	0.0%	278,929	9.0%
109,682	4.0%	Other Bonds	123,969	4.0%	-	0.0%	123,969	4.0%
71,294	2.6%	Cash	-	0.0%	80,580	2.6%	80,580	2.6%
76,777	2.8%	Property	24,794	0.8%	61,984	2.0%	86,778	2.8%
63,067	2.3%	Other	3,099	0.1%	68,183	2.2%	71,282	2.3%
<b>2,742,062</b>	<b>100%</b>		<b>2,426,683</b>	<b>78.3%</b>	<b>672,530</b>	<b>21.7%</b>	<b>3,099,213</b>	<b>100%</b>

**Basis for estimating assets and liabilities**

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Solutions UK Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

**Note 30: Defined Benefit Pension Schemes (continued)**

The principal assumptions used by the actuary have been:

2024/25		2025/26
%		%
2.5	Rate of inflation (CPI)	2.8
3.75	Rate of increase in salaries	4.05
2.5	Rate of increase in pensions	2.8
2.5	Pension accounts revaluation rate	2.8
5.8	Rate for discount scheme liabilities	6.2

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

Mortality assumptions	2024-25		2025-26	
	Males	Females	Males	Females
Longevity at 65 for current pensioners	20.9	24.1	21.9	24.8
Longevity at 65 for future pensioners (in 20 years' time)	21.8	24.8	22.0	25.1

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

	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,178,851	2,276,877
Rate of increase in salaries - increase or decrease by 0.1%	2,230,092	2,225,636
Rate of increase in pensions - increase or decrease by 0.1%	2,256,826	2,198,902
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,196,674	2,259,054

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

**Note 30: Defined Benefit Pension Schemes (continued)****Impact on the Council's Cash flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 22 years from 1 April 2023. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2028.

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 2027 are £36.644m.

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 2027 are £3.065m and £5.635m, respectively. The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 13.8 years at 31 March 2026 (15.0 years at 31 March 2025).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 6.2 years at 31 March 2026 (7.0 years at 31 March 2025) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 6.4 years at 31 March 2026 (7.1 years at 31 March 2025).

**Note 31: Cash Flow Statement - Operating Activities**

2024/25		2025/26
£'000		£'000
(103,736)	<b>Net surplus or (deficit) on the provision of services</b>	<b>(16,970)</b>
	<i>Adjustments for non-cash movements:</i>	
76,652	Depreciation, impairments and downward revaluation	78,744
23,306	Net increase/decrease in creditors, debtors and inventories	6,762
(7,096)	Pensions liability	(14,853)
14,459	Carrying amount of non-current assets sold	24,135
(13,533)	Other non-cash items	(1,549)
<b>93,788</b>		<b>93,239</b>
	<i>Adjustments for items that are investing or financing activities:</i>	
(91,466)	Capital grants	(86,630)
(11,682)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(24,993)
<b>(103,148)</b>		<b>(111,623)</b>
<b>(113,096)</b>	<b>Net cash flows from operating activities</b>	<b>(35,354)</b>

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

The cash flows for operating activities include the following items:

2024/25		2025/26
£'000		£'000
2,991	Interest Received	3,220
(43,586)	Interest Paid	(44,019)
277	Dividends Received	226

**Note 32: Cash Flow Statement - Investing Activities**

2024/25		2025/26
£'000		£'000
(127,058)	Purchase of property, plant and equipment, investment property and intangible assets	(77,159)
-	- Purchase of short-term and long-term investments	-
-	- Other payments for investing activities	-
11,682	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	24,993
-	- Proceeds from short-term and long-term investments	-
115,250	Other receipts from investing activities (capital grants)	103,141
<b>(127)</b>	<b>Net cash flows from investing activities</b>	<b>50,975</b>

**Note 33: Cash Flow Statement - Financing Activities**

2024/25		2025/26
£'000		£'000
153,632	Cash receipts of short-term and long-term borrowings	57,328
32,244	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(12,225)
(22,996)	Repayments of short-term and long-term borrowing	(56,625)
(5,015)	Other Payments for Financing Activities	1,110
<b>157,865</b>	<b>Net cash flows from financing activities</b>	<b>(10,412)</b>

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

2025/26	At 1 April	Financing cash flows	Changes which are not financing cash flows		At 31 March
			Other Cash Flows	Other non cash changes	
	£	£	£	£	£
Long-term borrowings	529,102	(198)	-	-	528,904
Short-term borrowings	217,558	1,045	-	308	218,911
Lease Liabilities	2,946	(775)	-	591	2,762
On balance sheet PFI Liabilities	161,660	(11,450)	-	2,411	152,621
Transferred debt	3,304	(142)	-	-	3,162
Amounts owed to/from	-	1,110	-	-	1,110
Collection Fund preceptors	(810)	-	-	-	(810)
	<b>913,759</b>	<b>(10,410)</b>	<b>-</b>	<b>3,310</b>	<b>906,659</b>

2024/25	At 1 April	Financing cash flows	Changes which are not financing cash flows		At 31 March
			Other Cash Flows	Other non cash changes	
	£	£	£	£	£
Long-term borrowings	528,640	462	-	-	529,102
Short-term borrowings	86,175	130,292	-	1,091	217,558
Lease Liabilities	422	(516)	-	3,040	2,946
On balance sheet PFI Liabilities	128,901	(10,469)	-	43,229	161,660
Transferred debt	3,412	(108)	-	-	3,304
Amounts owed to/from	-	-	-	-	-
Collection Fund preceptors	4,205	(5,015)	-	-	(810)
	<b>751,755</b>	<b>114,645</b>	<b>-</b>	<b>47,360</b>	<b>913,759</b>

## Note 34: Related Party Transactions

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

### Central government

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

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025-26 is shown in note 10. Where members have an interest in companies or other organisations, details of such interests are recorded in the Register of Members' Interests which is open to public inspection.

During 2025-26, a number of council members had a controlling interest in, or a significant influence on, a company, partnership, trust or other entity, either due to ownership, or as a director, trustee, governor or partner. In a number of cases, this was as a representative of the Council, in order that the Council can maintain effective partnerships with organisations that are independent from the Council, but have an impact on its service areas.

Transactions amounted to net expenditure of £5.9m in 2025-26 (£7.8m in 2024-25), with gross expenditure of £7.7m (£10.0m in 2024-25), of which £nil (£0.1m in 2024-25) is still outstanding and gross income of £1.8m (£2.2m in 2024-25), of which £nil (£0.3m in 2024-25) is still outstanding.

Among those transactions were:

- payments totalling £0.2m (£2.2m in 2024-25) were made to Bradford Trident, in which two members had an interest as directors and one member had an interest as a close family member was a member of the key management personnel;
- payments totalling £2.3m (£2.5m in 2024-25), of which £2.2m (£2.4m in 2024-25) was related to payroll deductions from Council employees, were made to Bradford District Credit Union, in which one member had an interest;
- payments totalling £0.7m (£0.8m in 2024-25), of which £0.4m (£0.4m in 2024-25) was related to a contract for providing a welfare advice service for Bradford East, were made to Karmand Community Centre Association, in which one member had an interest;
- payments totalling £0.6m (£0.6m in 2024-25) was related to amounts of levy income collected by the Council on an agency basis, to Bradford BID Limited, in which one member had an interest as director.
- payments totalling £0.5m (£0.5m in 2024-25) was related to the costs of providing childcare, to Woodroyd Nursery and Children's Centre, in which one member had an interest as a director.
- payments totalling £0.1m (£0.06m in 2024-25) to Sandale Community Development Trust, in which one member had an interest as chief executive and two members had an interest as trustees.

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

**Note 34: Related Party Transactions (continued)**

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

Eden Community Association CIC, Sharing Voices (Bradford), The Undercliffe Cemetery Charity, Bradford Youth Development Partnership, Cafe West, The Valley Project, Keighley College, Shipley Christians Together, Bradford Deaf Community Association, Better Start Bradford, Womenzone, Grange Interlink Limited, Friends of Westwood Park, The Sutton Centre (Kyffin Place Community Centre), Child's Play Neighbourhood Nursery Ltd, Tiny Stars Day Nursery Ltd, Ilkley BID Ltd, Keighley BID CIC, The Hive Silsden CIO, Roshni Ghar, Khidmat Centres, The Girlington Centre Ltd, Menston Community Association, Springfield Unlimited, Friends of Silsden Town Hall, AWARE (Airedale and Wharfedale Autism Resource), The Queensbury Community Programme Limited, Carlton Academy Trust, Bradford City FC Community Foundation, Holmewood Community Association, Friends of Harold Park, Motive8-Bradford Ltd, Tricia D Arthur-Stubbs, Clayton Community Association, Clayton Estate Community Action Group, Budhay Buddies.

**Officers**

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

During the year, a number of senior officers declared interests, one of which give rise to related parties. The Assistant Director for the Office of the Chief Executive was a director/trustee for Beckfoot Trust. Transactions amounted to net expenditure of £0.3m in 2024-25 (£0.1m in 2024-25), with gross expenditure of £0.4m and gross income of £0.1m (£0.3m and £0.2m in 2024-25 respectively).

**Other Related Parties**

The following are related parties for members and senior officers where there were no transactions in 2025-26:

CFM (Council for Mosques) (Bradford) Limited, Beacon Recovery, Friends of Ravenscliffe Woods, Your Back Yard Interest Community Interest Company, Exotica Drinks Ltd, Casa Zano Ltd, Bradford Irish Society Ltd, Keighley Division Conservative Club Buildings Limited, Dolphin Keswick Limited, Haworth Village Trust, Canal Road Urban Village Limited, Castle Grove Masonic Hall Company Limited, The Laundrette Bradford Ltd, Alexander Noble Ltd, Bradford Dragon Boat Festival, Southern Pennines Rural Regeneration Company Limited, Behbud Association (UK), Scent House Graphic Design Ltd, Twins & Co Limited, Keighley Community Fridge at Keighley Central Mosque C.I.C., Noor Arts C.I.C., D&N Assets Ltd, JDN Properties Limited, WW Estate Agents (Wibsey) Ltd, Swift Investments (Real Estates) Ltd, City of Nature CIC, Silsden Community Library, Hillview Company Services Limited, Fiacre Charter Ltd, Sleep Design Beds Ltd, SIS Electrical Contractors Ltd, Whitaker & Co. (Denholme) Limited, Aire Valley Tree Services Limited, Aire Valley Landscaping Services Limited, Menston Area Nature Trust, Azam MNA Holdings Ltd, Amrans Ltd, Sums Investments Limited, Childs Play Residential Care Ltd, Northern Pool GP (No1) Limited, West Ridings Equestrian Limited, S J M Finance Consultancy Limited, UK Social Care Limited, Riddlesden Community Foundation, Bradford City Challenge Foundation Limited, Salaam Salaam CIC, Bradford Community Energy Limited, Bingley Flower Fund Homes Limited, Cancer Support Yorkshire, Friends of Brackenhill Park, Friends of Eccleshill Park, Northern LGPS Limited, The Dean Trust.

**Note 34: Related Party Transactions (continued)****Entities controlled or significantly influenced by the Council**

Name of the company	Nature of the Council's interest	Principal activities	Transactions with the Council
BCFT	Fully owned subsidiary	The company's purpose is to provide high quality services with partners that help safeguard, support and promote the welfare of children, young people and families across the Bradford District.	In 2025-26, BCFT was mainly funded by £212.5m contract payment from the council (£207.4 in 2024/25). Its gross expenditure at the close of 2025/26 were £243.7m (£237.3m in 2024-25), and its net assets were £nil (£nil in 2024/25)
Bradford Live	Fully owned subsidiary	The company was set up to deliver major refurbishment of the Odeon building and is a key part of the Council's plans for the regeneration of the City Centre area. The refurbishment work completed in 2024-25 and the company is in voluntary liquidation as at 31 December 2025.	No transactions in 2025/26 (£6.1m in 2024/25).
New Choices	Fully owned subsidiary	The company is to provide a platform of financial and operational stability in readiness to deliver the Council's Reimagining Day Services Strategy and to develop a modern-day service that is local, encourages people to make links into their own local communities, that helps people to find employment and gives them opportunities to be more independent.	During 2025-26, expenditure incurred on day care service totalling of £5.2m (£6.1m in 2024-25), as part of contracts under which the council has 100% of nomination rights.
Canal Road Urban Village Limited	Minority interest- 199 Ordinary B Shares	The company developed building projects	No transactions in 2025-26 (no transactions in 2024-25).
CBMDC Building Schools for the Future Limited	Fully owned subsidiary	The company was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin Co One Ltd.	No transactions in 2025-26 (no transactions in 2024-25).

**Note 34: Related Party Transactions (continued)****Other public bodies**

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

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

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

**West Yorkshire Combined Authority**

The Council pays a transport levy towards the services provided by the West Yorkshire Combined Authority. The amount paid in 2025-26 was £23.0m (£23.0m in 2024-25). The Leader of Bradford Council is a member of the West Yorkshire Combined Authority. In addition to the transport levy, payments of £2.5m have been made to West Yorkshire Combined Authority in 2025-26 (£1.2m in 2024-25). As at 31 March 2026, balances that were outstanding with WYCA were a short-term debtors balance of £13.2m (£26.6m as at 31 March 2025) and a short-term creditors balance of £0.3m (£0.0m as at 31 March 2025).

**Note 35: Contingent Assets and Liabilities**

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

**Municipal Mutual Insurance Limited (MMI Ltd)**

Prior to 1992, the Council's public liability and employers' liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement.

A court ruling in relation to employers' liability for occupational disease claims such as asbestosis has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. The Council is advised to continue to reserve for an additional 10% on top of the current 25% clawback in order to meet any future claim payments. (Please see Provisions, Note 28).

**Compulsory Purchase Order**

The Council is currently in the process of a compulsory land purchase, where negotiations are ongoing but may result in a referral to the Tribunal for determination of cost in claims – the Tribunal will determine the quantum.

**Claims under the equality act in relation to pay**

During 2025 a significant number of claims under the equality act in relation to pay were made against the Council. The final number of claims in this class action will be confirmed in the Spring of 2026. The litigation is at an early stage and is defended by the Council.

## Note 36: Material Income and Expenditure

For the purpose of this note the Council considers material items which exceed £15m. The Council had two material items of expenditure which relate to transactions in 2025-26:

1. £46.5m unitary charges related to the Council's two PFI schemes (£44.2m in 2024-25). See Note 24 for further details.
2. The £113m Capitalisation Direction covers the period to 31 March 2026 (£120m in 2024-25).

In February 2025 the Secretary of State for the former Department for Ministry of Housing, Communities and Local Government provided an "in principle" Capitalisation Direction (CD) of not exceeding £127.1m to the Council under the Department's Exceptional Financial Support program. Capitalisation Direction was issued in response to the Council's significant unfunded financial deficit arising from financial challenges which have arisen over a number of years.

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

The Capitalisation Direction has been used to meet a £110m overspend on the revenue budget and the balance of £3m to rebuild the General Fund reserve resilience.

## Note 37: Events After the Reporting Period

The 2025-26 draft accounts were authorised for issue on the date of 30 April 2026. This authorisation was given by the Interim Strategic Director Corporate Resources/S151 (page 21).

have an estimated value

**SECTION – 4****FINANCIAL STATEMENTS FOR HOUSING REVENUE ACCOUNT AND COLLECTION FUND****Page Number**

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## Housing Revenue Account (HRA) - Income and Expenditure Statement

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

2024/25	Expenditure	2025/26	Note
£'000		£'000	
78	Repairs and maintenance	275	
156	Supervision and management	161	
997	Rents, rates, taxes and other charges	975	
2,015	Depreciation, revaluations and impairments of non-current assets	379	
<b>3,245</b>	<b>Total expenditure</b>	<b>1,790</b>	
	<b>Income</b>		
(3,008)	Dwelling rents	(2,875)	
(35)	Charges for service and facilities	(1)	
<b>(3,043)</b>	<b>Total income</b>	<b>(2,876)</b>	
<b>202</b>	<b>Net Expenditure/(Income) of HRA Services</b>	<b>(1,085)</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
	(Gain) or loss on sale of HRA non current assets	(424)	
<b>717</b>	Interest payable and similar charges	717	
	Capital grants and contributions receivable	-	
<b>919</b>	<b>(Surplus) or deficit for the year on HRA Services</b>	<b>(792)</b>	

## Statement of the Movement on The Housing Revenue Account

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

31-March-2025	Expenditure	31-March-2026	Note
£'000		£'000	
(820)	<b>Balance on the HRA as at 1 April</b>	(1,440)	
919	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	(792)	
	<b>Adjustments between accounting basis and funding basis:</b>		
	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements		
(2,015)	Depreciation, revaluations and impairments	(379)	
	(Gain)/loss on HRA disposals	424	
	Use of capital grants to finance capital expenditure		
88	Capital expenditure charged to HRA balance	-	
387	Transfer to the Major Repairs Reserve	379	
(620)	<b>Net (increase) or decrease before transfers to or from reserves</b>	(368)	
(1,440)	<b>HRA Balance at 31 March</b>	(1,808)	

## Housing Revenue Account Notes

### Note 1: Housing Assets

#### Housing stock numbers

As at 31 March 2026 the Council was responsible for managing a housing stock of 422 dwelling units, and the stock was made up as follows:

2024/25	Type of accommodation	2025/26
77	High rise flats	77
350	Houses and bungalows	345
<b>427</b>	<b>Total</b>	<b>422</b>

#### Land and property assets

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

The total Balance Sheet value of the Council's HRA assets at 1st April 2025 was £31.356m and at 31st March 2026 was £30.800m, analysed as follows:

Movements in 2025/26	Council Dwellings	Total HRA Fixed Assets
	£'000	£'000
<b>Cost or Valuation</b>		
<b>At 1 April 2025</b>	31,356	31,356
Additions	47	47
Derecognition - disposal	(225)	(225)
<b>At 31 March 2026</b>	<b>31,178</b>	<b>31,178</b>
<b>Accumulated depreciation and impairment</b>		
<b>At 1 April 2025</b>	-	-
Depreciation charge	(378)	(378)
Depreciation written out to the revaluation reserve	-	-
<b>At 31 March 2026</b>	<b>(378)</b>	<b>(378)</b>
<b>Net book value at 31 March 2025</b>	<b>31,356</b>	<b>31,356</b>
<b>Net book value at 31 March 2026</b>	<b>30,800</b>	<b>30,800</b>

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

In accordance with government guidance, council house valuations have been reduced by a regional adjustment of 41% in 2025-26. This adjustment is in recognition of their status as social housing. As a consequence, the council recognises council dwellings at a value of £30.8m on the balance sheet. At vacant possession the same dwellings would have a value of £75.1m therefore recognising an economic cost to the government of providing council housing at less than open market rents of £44.3m.

**Note 2: HRA Revenue Reserves**

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

2024/25		Transfers in Year	2025/26
1,316	General Reserves	172	1,488
48	HRA Furniture & Equipment	52	100
76	HRA Home Adaptations	24	100
-	HRA Insurance Fund	120	120
<b>1,440</b>	<b>Total HRA Reserves</b>	<b>368</b>	<b>1,808</b>

**Note 3: Interest**

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

## Note 4: Capital Expenditure and Financing

The following tables identify the total capital expenditure on land, houses, and other assets within the HRA during the financial year, and break it down according to the various funding sources. During 2025/26, the Council incurred £47k capital expenditure on other properties within the HRA (2024-25 £88k).

2025/26	Total expenditure	Sources of funding				
		Major Repairs Reserve	Revenue contributions	Borrowing	Grants/ contributions	Total financing
		£'000	£'000	£'000	£'000	£'000
Council dwellings	47			47		47
<b>Balance as at 31 March</b>		-		47	-	47

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

## Note 5: Capital receipts

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

2024/25		2025/26
-	Council dwellings	848
-		848

## Note 6: Depreciation and impairment

The HRA Income and Expenditure Account is charged with depreciation and impairment in order to reflect the full cost of housing at the net cost of service level. For 2025/26 the breakdown of these charges was £0.379m depreciation.

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

2024/25	Expenditure	2025/26
£'000		£'000
	<b>Depreciation</b>	
(387)	Council dwellings	(379)
(387)	<b>Total depreciation and impairment</b>	<b>(379)</b>

## Note 7: Major Repairs Reserve

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

2024/25		2025/26
(331)	<b>Balance at 1 April</b>	(718)
(387)	Statutory Transfer to reserve	(379)
(718)	<b>Balance at 31 March</b>	<b>(1,097)</b>

## Collection Fund Statement

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

2024/25				2025/26			Notes
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
(306,922)	-	(306,922)	<b>Income</b>				
(516)		(516)	Council Tax receivable	(340,142)		(340,142)	1
			Council Tax Discounts Funded from Billing Authority General Fund	(1,684)		(1,684)	
	(122,531)	(122,531)	Business Rates receivable		(134,501)	(134,501)	2
-	(1,280)	(1,280)	Transitional Protection Payments Due From Government		(745)	(745)	
<b>(307,438)</b>	<b>(123,811)</b>	<b>(431,249)</b>	<b>Total income</b>	<b>(341,826)</b>	<b>(135,246)</b>	<b>(477,072)</b>	
			<b><u>Precepts:</u></b>				
250,164		250,164	- Council	280,447		280,447	
11,517		11,517	- West Yorkshire Fire and Rescue Authority	12,482		12,482	
36,090		36,090	- West Yorkshire Combined Authority	38,894		38,894	
			<b><u>Business Rates:</u></b>				
	62,761	62,761	- Payment to Central Government		65,953	65,953	
	1,255	1,255	- Payment to West Yorkshire Fire And Rescue Authority		1,319	1,319	
	61,506	61,506	- Payment to Bradford		64,634	64,634	
	712	712	- Costs of Collection allowance		714	714	
	481	481	- Disregarded Amounts - Designated Growth Area		490	490	
	(637)	(637)	- Write-offs of Uncollectable Amounts		(239)	(239)	
	(5,519)	(5,519)	- Settlement of Appeals		(2,958)	(2,958)	
8,428	2,965	11,393	- Contribution to / from (-) Allowance for Council Tax and NDR Debts	8,591	2,852	11,443	3
	(292)	(292)	-Contribution to / from (-) Provision for Losses on Appeals		2,351	2,351	4
			- <b><i>Distribution of Collection Fund Surplus/Repayment of Deficit:</i></b>				
3,395	2,228	5,623	- Bradford Council	3,716	(2,874)	842	
160	45	205	- West Yorkshire Fire and Rescue Authority	171	(59)	112	
488	-	488	- West Yorkshire Combined Authority	536	-	536	
	2,273	2,273	- Central Government		(2,932)	(2,932)	
<b>310,242</b>	<b>127,778</b>	<b>438,020</b>	<b>Total expenditure</b>	<b>344,838</b>	<b>129,252</b>	<b>474,090</b>	
<b>2,804</b>	<b>3,967</b>	<b>6,771</b>	<b>Net Movement (Surplus)/Deficit in the Fund Balance</b>	<b>3,012</b>	<b>(5,994)</b>	<b>(2,982)</b>	5
(5,289)	1,014	(4,275)	Balance at beginning of year	(2,485)	4,981	2,496	
<b>(2,485)</b>	<b>4,981</b>	<b>2,496</b>	<b>(Surplus)/deficit balance carried forward</b>	<b>527</b>	<b>(1,013)</b>	<b>(486)</b>	
			<b><u>Allocated to:</u></b>				
(2,078)	2,441	363	- Bradford Council	445	(496)	(51)	
(98)	50	(48)	- West Yorkshire Fire and Rescue Authority	20	(10)	10	
(309)		(309)	- West Yorkshire Combined Authority	62		62	
	2,490	2,490	- Central Government		(507)	(507)	

## Notes to the Collection Fund

### Note 1: Council tax

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

Properties in the middle band, D, were charged at £1,871.88 in 2025-26 (£1,701.86 in 2024-25) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2025-26 was 147,730 (144,890 in 2024-25). The tax base for 2025-26 was approved at the Executive meeting on 7th January 2025 and was calculated as follows:

2024/25	Band	2025/26	Ratio	2025/26
Band D equivalent dwellings		Estimated number of dwellings after effect of discounts		Band D equivalent dwellings
66	A*	116	5 / 9	64
41,525	A	62,873	6 / 9	41,915
29,364	B	37,877	7 / 9	29,460
31,323	C	35,674	8 / 9	31,710
16,130	D	17,605	9 / 9	17,605
14,865	E	12,403	11 / 9	15,159
8,414	F	5,898	13 / 9	8,519
5,947	G	3,594	15 / 9	5,990
530	H	278	18 / 9	556
148,164			Total Band D equivalent	150,978
(3,274)			Adjustment for estimated losses on collection	(3,248)
<b>144,890</b>			<b>Council Tax Base</b>	<b>147,730</b>

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

The Council collects business rates on behalf of central government for its area. The tax rate (called the Multiplier) for commercial property is set by Central Government. There are two multipliers: the small business non-domestic rating multiplier of 49.9p (49.9p in 2024-25) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 55.5p (54.6p in 2024-25) includes the supplement to pay for small business relief.

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

The business rates shares payable for 2025-26 were estimated before the start of the financial year as £1.319m to WYFRA and £64.634m to Bradford Council. These sums have been paid in 2025-26 and charged to the Collection Fund in year.

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

The total income from business rates in 2025-26 was £135.246m (£123.811m in 2024-25). This sum includes £0.745m (£1.280m in 2024-25) of transitional protection payments, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be paid to the Council by Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £386.6m for 2025-26 (£386.6m for 2024-25).

**Note 3: Allowance for Council Tax and Business Rate Debts**

In 2025-26, the allowance for Council Tax debts impairment increased from £23.706m to £26.335m. The net movement of £2.629m represents amounts charged against the allowance of £5.962m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £8.591m. Of the final balance, 84% is to cover Council Tax owed to the Council. The remaining 16% is to cover amounts owed to major preceptors.

In 2025-26, the allowance for Business Rates debts impairment increased from £7.208m to £8.497m. The net movement of £1.289m represents amounts charged against the allowance of £1.563m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £2.852m. Of the final balance, 49% is to cover Business Rates owed to the Council. The remaining 51% is to cover amounts owed to West Yorkshire Fire and Rescue Authority (1%) and amounts owed to Central Government (50%).

**Note 4: Provision for Losses on Appeals**

A check, challenge and appeal process give ratepayers the opportunity to challenge the rateable value of their business premises. Within the 2025-26 Business Rate Pool, the Council shares 49% of the risks and rewards of the income from Business Rates.

The Collection Fund currently holds £6.688m (£7.295m in 2024-25) of appeals provision to counter the potential impact of successful appeals in future years. Within this balance, all of the £6.688m (£5.405m in 2024-25) provision is held in relation to the 2023 valuation list, and £nil (£1.890m in 2024-25) is held in relation to the 2017 valuation list. This provision is subject to uncertainty as it is based on assessments made by the Valuation Office Agency over which the council has no influence.

**Note 5: Collection Fund Balance**

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

An overall surplus of £0.486m arose in 2025-26 (£2.496m deficit in 2024-15), of which the Council's share was a surplus of £0.051m (£0.363m deficit in 2024-25) and the preceptors share was a surplus of £0.435m (£2.133m deficit in 2024-25). This is due to the overall surplus position on Business Rates offset by a deficit position on Council Tax.

**Note 6: Leeds City Region Pooling Arrangement**

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

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# PENSION FUND ACCOUNTS AND NOTES

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# NOTES TO THE PENSION FUND

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

**Report on the audit of the financial statements**

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## Pension Fund Account

2024/25 £'000		2025/26 £'000	Note
	<b>Dealings with members, employers and others directly involved in the fund</b>		
588,330	Contributions receivable	607,050	6
65,150	Transfers in	60,364	7
<b>653,480</b>		<b>667,414</b>	
	<b>Benefits payable:</b>		
(782,585)	Benefits payable	(789,218)	9
(47,926)	Payments to and on account of leavers	(82,843)	10
<b>(830,511)</b>		<b>(872,061)</b>	
<b>(177,031)</b>	<b>Net additions/(withdrawals) from dealing with members</b>	<b>(204,647)</b>	
(16,721)	Management expenses	(22,778)	13
<b>(193,752)</b>	<b>Net additions/(withdrawals) including management expenses</b>	<b>(227,425)</b>	
	<b>Returns on investments</b>		
589,904	Investment income	609,870	15
(12,465)	Taxes on income	(15,836)	15a
230,519	Profit and (losses) on disposal of and changes in value of investments	2,168,029	17
1,719	Stock lending	3,014	17b
<b>809,677</b>	<b>Net return on investments</b>	<b>2,765,077</b>	
615,925	<b>Net Increase (decrease) in the net assets available for benefits during the year</b>	2,537,652	
19,353,631	<b>Opening net assets of the scheme</b>	19,969,556	
<b>19,969,556</b>	<b>Closing net assets of the scheme</b>	<b>22,507,208</b>	

## Net Assets Statement

31 March 2025 £'000		31 March 2026 £'000	Note
	<b>Investment assets</b>		
2,744,969	Bonds	3,511,846	17
11,670,558	Equities (including convertible shares)	12,780,982	17
4,564,235	Pooled investment vehicles	4,924,320	17
94,200	Direct Property	309,975	17
786,473	Cash	872,354	17
80,586	Other investment balances	77,874	17
	<b>Investments liabilities</b>		
(5,729)	Other investment liabilities	(716)	17
<b>19,935,292</b>	<b>Investments at 31 March</b>	<b>22,476,635</b>	
	<b>Current assets</b>		
72,131	Debtors	78,324	20
	<b>Current liabilities</b>		
(37,867)	Creditors	(47,751)	21
<b>34,264</b>	<b>Net current assets and liabilities</b>	<b>30,573</b>	
<b>19,969,556</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>	<b>22,507,208</b>	

**NOTE:** The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2026. This financial statement shows the net value of assets owned by the Fund, the actuarial calculation of the present value of promised retirement benefits is provided in Note 12.

## Notes to the Pension Fund

### Note 1: Operations and Membership

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

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

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

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

The Fund is administered in accordance with the following secondary legislation

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

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

Participating employers – There were 440 participating employers during the year, 18 joined and 37 left in the year, leaving 403 actives at 31st March 2026 (In 2024/25 there were 444 participating employers during the year, 21 joined and 22 left in the year leaving 422 active employers as at 31st March 2025), whose employees were entitled to be contributors to the Fund.

**Membership** – Total membership as at 31<sup>st</sup> March 2026 is 332,082 (31<sup>st</sup> March 2025 is 327,632).

31 March 2025		31 March 2026	
107,023	Active members		106,590
117,309	Pensioner members		121,898
103,300	Members with preserved pensions		103,594
<b>327,632</b>	<b>Total members</b>		<b>332,082</b>

#### Benefits payable

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

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

**Pension liability –**

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

**Note 2: Actuary's Report****West Yorkshire Pension Fund****Statement of the Actuary for the year ended 31 March 2026****Introduction**

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

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the West Yorkshire Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

**Actuarial Position**

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

2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

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

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

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

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

**Discount rate for periods in service**

Secure scheduled and subsumption body funding target *	4.50%pa
--------------------------------------------------------	---------

**Intermediate funding targets**

▪ Low risk	4.25%pa
▪ Medium risk	4.05%pa
▪ Higher risk	3.95%pa

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

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

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

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post-retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 Heavy mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

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

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

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

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

8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

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

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

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

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

Aon Solutions UK Limited

April 2025

## Note 3: Accounting policies

### Basis of preparation

The statement of accounts summarises the Fund's financial activities for the 2025/26 financial year and its financial position at year-end as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

### Going concern

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

### Contributions

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

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

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

### Transfers in and out of the Fund

Individual member transfer values represent amounts received and paid during the period. Bulk (group) transfers are accounted for on an accruals basis, these are calculated in accordance with the Local Government Pension Scheme Regulations 2013. There were individual and bulk transfers in and out of the Fund in 2024/25. In 2025/26 there were individual transfers in and out and bulk transfers out of the Fund. These are detailed in Note 7.

### Benefits payable

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

### Management expenses

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

### Administrative expenses

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

### Oversight and governance costs

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

### Investment management expenses

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

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

### Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed every three years per LGPS regulations, and it is reviewed annually in the intervening years by the appointed actuary. Annual reviews allow for more frequent updates to the assumptions and data used in the valuation. This can lead to more accurate and timely adjustments to the data used for the triennial valuation, reflecting current economic conditions, demographic changes, and investment performance. This proactive approach helps in managing risks more effectively and ensures that the fund is aware of potential shortfalls or surpluses. Regular updates can provide greater transparency and reassurance to stakeholders, including members, beneficiaries, and regulators. In accordance with the requirements of IAS19 and relevant actuarial standards, and permitted under IAS26, WYPF has opted to disclose the actuarial present value of promised retirement benefits as a note to the net assets statement (Note 12).

#### **Cash and cash equivalents**

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

#### **Financial liabilities**

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

#### **Investment income**

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

#### **Property related income**

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

#### **Dividend income**

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

#### **Distribution from pooled funds**

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

#### **Taxation**

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

#### **Financial assets**

All our financial assets consist of ordinary equity shares, bonds, properties, pooled investment vehicles and cash. Ordinary equity shares, bonds, pooled investment vehicles and properties are included in the Net Assets Statement based on fair value through profit and loss (FVTPL). All cash, cash deposits, investments debtors and creditors are held to be collected therefore are valued at amortised cost in the Net Assets Statement. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From the date of recognition, any gains or losses arising from changes in the fair value or amortised cost of assets held are recognised in the Net Assets Statement. The values of investments as shown in the Net Assets Statement have been determined at fair value or amortised cost in accordance with the requirements of the Code and IFRS9 (see Note 18). For the purpose of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG / Investment Association, 2016).

#### **Additional voluntary contributions (AVCs)**

West Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Scottish Widows, Prudential and Utmost as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement from AVC providers showing the amount held in their AVC account and the movements in the year.

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

#### **Currency translation**

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

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

### Acquisition costs of investments

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

### Netting

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

- a) Currently has a legally enforceable right to set off the recognised amounts,
- And
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Contingent liabilities

A contingent liability arises when an event has taken place that gives the Fund a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required, or the amount of the obligation cannot be measured reliably. There are no Contingent liabilities for Accounts Payable and this is not recognised in the Net Assets Statement.

### Contractual commitments

Contractual (undrawn) commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity, property and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing, typically over a period of between four and six years from the date of each original commitment. Contractual commitments are disclosed in Note 24 to the accounts.

### Investment transactions

Investment transactions occurring up to 31 March 2026 but not settled until later are accrued in the accounts.

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

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

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

### Fair value of Investments

In accordance with the Code and IFRS13, the Fund categorises financial investments carried on the Net Assets Statement at fair value using a three-level hierarchy as disclosed in Note 18. Level 1 and 2 are low risk and require minimal judgement and estimation. However, Level 3 is determined using the latest investor reports and capital statements provided by the general partners, adjusted for cash flow after the date of the general partners' report. These require management judgement and contain significant estimation uncertainty. Reliance is placed on general partners to perform these valuations and further due diligence is performed by the Fund to maintain confidence in the data provided. For directly held investment properties we use surveyors' valuation report. The total value of level 3 investment is £4,322m at 31 March 2026. This consists of the Fund's unlisted private equity, pooled investments, property funds and direct property.

In line with the market risk within Note 18, there is a risk that the value of the Fund may reduce or increase during the 2025/26 reporting period by £200m which represents the potential market movement on value of investment at level 3, the potential market movement is shown in Note 18 of the accounts.

## Note 5: Events After the Balance Sheet Date

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

Two types of events can be identified:

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

**Note 6: Contributions receivable by category:****Contributions from employers and employees:**

2024/25 £'000		2025/26 £'000
419,608	Employers	430,389
168,722	Members	176,661
<b>588,330</b>	<b>Total</b>	<b>607,050</b>

**By type of employer**

2024/25 £'000		2025/26 £'000
65,201	Administering authority	67,255
492,737	Scheduled bodies	501,027
30,392	Admitted bodies	38,768
<b>588,330</b>	<b>Total</b>	<b>607,050</b>

**By category**

2024/25 £'000	Category	2025/26 £'000
<b>Employees' contributions:</b>		
157,737	Employees' normal contributions	164,352
10,985	Employees' additional contributions	12,310
<b>168,722</b>		<b>176,662</b>
<b>Employers' contributions:</b>		
393,233	Employers' normal contributions	412,078
24,957	Employers' augmentation contribution *	18,255
1,418	Employers' deficit contributions	55
<b>419,608</b>		<b>430,388</b>
<b>588,330</b>	<b>Total</b>	<b>607,050</b>

**Employers' contribution rates and deficit contributions**

Employer contributions receivable in 2025/26 were based on 31 March 2022 triennial valuation. At each triennial valuation (latest 31 March 2025) 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 2024/25 and 2025/26 based on pay in the financial year are provided below.

2024/25 Pay	2025/26 Pay	Contribution rate
Up to £17,600	Up to £18,400	5.5%
£17,601 to £27,600	£18,401 to £29,000	5.8%
£27,601 to £44,900	£29,001 to £47,300	6.5%
£44,901 to £56,800	£47,301 to £59,800	6.8%
£56,801 to £79,700	£59,801 to £84,000	8.5%
£79,701 to £112,900	£84,001 to £119,100	9.9%
£112,901 to £133,100	£119,101 to £140,400	10.5%
£133,101 to £199,700	£140,401 to £210,700	11.4%
£199,701 or more	£210,701 or more	12.5%

## Note 7: Transfers in from Other Pension Funds

### By category

2024/25 £'000	Type of transfer	2025/26 £'000
47,025	Individual transfers	60,364
18,125	Bulk transfer in from other schemes	-
<b>65,150</b>	<b>Total</b>	<b>60,364</b>

## Note 8: Non-statutory pensions and pensions increase recharged

West Yorkshire Pension Fund pays discretionary awards to former employees of a number of employers on an agency basis as shown below. The amounts are fully reclaimed from the employer bodies. The costs of added years granted by participating employers for early retirement together with associated inflation proofing costs are reimbursed to the Fund by the employer.

2024/25 £'000	Non-statutory pensions and pensions increase recharged	2025/26 £'000
	<b>Payments on behalf of top employers :</b>	
5,821	Bradford Teachers Compensation	5,633
4,292	Leeds City Council	4,105
3,258	Bradford M.D.C	3,090
2,622	Wakefield M.D.C	2,502
1,950	Kirklees M.C	1,860
1,052	Calderdale M.B.C	1,019
724	West Yorkshire P.T.E	668
1,029	Other employers	978
<b>20,748</b>	<b>Total</b>	<b>19,856</b>

**Note 9: Benefits Payable**

2024/25 £'000	Analysis of benefits payable	2025/26 £'000
	<b>Funded pensions</b>	
(559,717)	Retired employees	(586,492)
(42,700)	Dependants	(44,411)
	<b>Funded lump sums</b>	
(159,823)	On retirement	(138,601)
(20,345)	On death	(19,714)
<b>(782,585)</b>	<b>Total Benefits Payable</b>	<b>(789,218)</b>

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

**By type of employer**

2024/25 £'000	Employer type	2025/26 £'000
(117,815)	Administering Authority	(123,166)
(589,854)	Scheduled bodies	(590,829)
(74,916)	Admitted bodies	(75,223)
<b>(782,585)</b>	<b>Total benefits payable</b>	<b>(789,218)</b>

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**

2024/25 £'000	Payments to and on account of leavers	2025/26 £'000
(2,569)	Refund of contributions	(1,894)
(45,357)	Individual transfers out to other schemes	(80,740)
-	Bulk transfers out to other schemes	(209)
<b>(47,926)</b>	<b>Total transfers out</b>	<b>(82,843)</b>

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

The Fund provides an Additional Voluntary Contributions (AVC) Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Utmost, Scottish Widows and Prudential, whereby additional benefits are secured on a money purchase basis for those contributors electing to pay additional voluntary contributions.

As advised by the three companies the amounts administered under AVC arrangements are as follows:

2024/25 £'000	Additional voluntary contributions	2025/26 £'000
55,400	Value of funds at 1 <sup>st</sup> April	55,400
15,321	Contributions received	15,321
80	Transfers and withdrawals	80
2,538	Interest and bonuses / change in market value of assets	2,538
(12,228)	Sale of investments to settle benefits due to members	(12,228)
<b>61,111</b>	<b>Value of fund at 31st March</b>	<b>61,111</b>

The aggregate amounts of AVC investments are:

2024/25 £'000	AVC investments	2025/26 £'000
1,210	Utmost	1,210
52,108	Prudential	52,108
7,793	Scottish Widows	7,793
<b>61,111</b>	<b>Total</b>	<b>61,111</b>

#### Awaiting information

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

## Note 12: Actuarial present value of promised retirement benefits

The Fund is part of the Local Government Pension Scheme and under IAS 26 it is required to disclose the actuarial present value of promised retirement benefits across the Fund as a whole. The Fund provides defined benefits, which for membership to 31 March 2014, are based on members' final pensionable pay. On the 1 April 2014 the scheme changed from a final salary scheme to a CARE (career average revalued earnings) scheme and pension benefits are based on a member's pay in each scheme year. The required valuation is carried out by the fund actuary Aon Hewitt using assumptions derived in the same way as those recommended for individual participating employers reporting pension liabilities under IAS 19. This approach results in a different valuation of liabilities than at the triennial funding.

#### Introduction

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

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

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

#### Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2025/26 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2026 are a roll-forward of the 2025 valuation of the Fund. We also show the results reported by the Fund as at 31 March 2025, which were a roll-forward of the 2022 valuation. 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.

31st March 2025 £m		31st March 2026 £m
19,969.6	Fair value of net assets	22,501.7
(15,096.9)	Actuarial present value of the defined benefit obligation	(15,873.3)
<b>4,872.7</b>	<b>Surplus / (deficit) in the fund as measured for IAS 26 purposes</b>	<b>6,628.4</b>

#### Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2025. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries are:

31st March 2025		31st March 2026
15.44 <sup>4</sup>	Duration of Liabilities (years)	14.1
5.80%	Discount rate	6.20%
2.50%	CPI inflation <sup>(1)(2)</sup>	2.80%
3.75%	Salary increases <sup>(3)</sup>	4.05%

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

(2) The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases. In addition to the assumption for future pension increases, we have allowed for the impact of known CPI inflation as published at the accounting date (up to 28 February 2026) which will influence the pension increase as at April 2027.

(3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the 2025 (2022 for 31 March 2025 figures) actuarial valuation of the Fund. We have not allowed for the effect of pay rises being either above or below the rates assumed at the year-start.

(4) This duration was calculated based on the 2022 actuarial valuation of the Fund.

#### Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2025 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

31st March 2025		31st March 2026
<b>Males</b>		
20.9	Future lifetime from age 65 (pensioners aged 65)	21.9
21.8	Future lifetime from age 65 (actives aged 45)	22.0
<b>Females</b>		
24.1	Future lifetime from age 65 (pensioners aged 65)	24.8
24.8	Future lifetime from age 65 (actives aged 45)	25.1

#### Notes

(1) The mortality projection model has been updated between 2025 and 2026 as set out in the Assumptions Advice. In summary the projection model has been updated from CMI\_2023 to CMI\_2025 (the latest published projection model at the accounting date).

(2) The life expectancies have been calculated at the calculation date in each case

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2025 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2025 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.

#### Choice of accounting assumptions

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

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

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

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

### Sensitivity of results to key assumptions

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

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

#### Discount rate assumption

Adjustment to discount rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	(222.7)	225.9
% change in present value of defined benefit obligation	(1.4%)	1.4%

#### Rate of general increase in salaries

Adjustment to salary increase rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	15.5	(15.4)
% change in present value of defined benefit obligation	0.1%	(0.1%)

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

Adjustment to pension increase rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	210.4	(207.4)
% change in present value of defined benefit obligation	1.3%	(1.3%)

#### Post retirement mortality assumption

Adjustment to members' life expectancy	- 1 year £m	1 year £m
£ change to present value of the defined benefit obligation	(349.4)	353.0
% change in present value of defined benefit obligation	(2.2%)	2.2%

#### Comparison with funding valuation

The results of the IAS 26 valuation will differ from results of the latest triennial actuarial valuation. This section explains the main reasons for the differences between the funding update as at 31 March 2026 and the 2026 IAS 26 result.

#### Purpose of each exercise

IAS 26 requires the pension fund to disclose the actuarial present value of the promised retirement benefits in the pension fund accounts, using prescribed accounting principles and CIPFA guidance. The purpose is to disclose a liability value to users of the accounts on a comparable basis to similar entities.

The purpose of the triennial actuarial valuation is to review the financial position of the Fund and report on the adequacy of the contributions to support the benefits of the Fund. If the valuation identifies that the contributions will fall short of (or be in excess of) those necessary to provide the benefits, contributions will normally be revised up (or down).

#### Who makes the key decisions?

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

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

#### **Assumptions used to value the liabilities**

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

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

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

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

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

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

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

#### **Roll-forward method / different calculation dates.**

The below tables set out the difference between the IAS 26 valuation and funding valuation measured at 31 March 2026.

#### **Current issues**

##### **The McCloud/Sargeant Judgement**

The Administering Authority has previously allowed for an estimated liability arising from the McCloud/Sargeant judgement in the liabilities presented in the Fund accounts.

We will update the McCloud/Sargeant liability as part of updating to the result of the 2025 valuation. The allowance will be updated to be in line with the calculations adopted in the 2025 funding valuation.

##### **Goodwin ruling**

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that survivor provisions were discriminatory on grounds of sexual orientation. This was because for members who joined the scheme before 1988, the pension payable to a male survivor of a female member were less favourable than the pension payable to a male survivor of a male member (i.e. where the male survivor was in a same sex marriage or civil partnership). The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements.

Those changes were not reflected in the LGPS Regulations at 31 March 2025 (the date of the 2025 valuation), however Government has consulted on changing the LGPS Regulations to remedy the discrimination in the LGPS. An estimate of the additional liabilities resulting from the Goodwin ruling was made in the 2025 valuation. We propose to also make an estimate for the additional Goodwin liabilities within the actuarial present value of promised retirement benefits under IAS 26.

##### **Virgin Media Judgement**

In June 2023, the High Court handed down a decision (*Virgin Media Limited v NTL Pension Trustees II Limited and others*) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the Trustees to obtain the Scheme's actuary confirmation that a Scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments. Without this confirmation (sometimes referred to as a section 37 confirmation, by reference to section 37 of the Pension Schemes Act 1993, which sets out that scheme rules can only be altered as prescribed in the relevant regulations), the amendment may be void and ineffective. The decision was subsequently upheld by the Court of Appeal.

Government is proposing to legislate to allow retrospective validation of certain changes through the 2024 Pension Schemes Bill. This will be a significant step forward in addressing issues potentially arising from the Virgin Media decision where actuarial confirmation at the time of the change cannot be found.

Given the uncertainty, we do not propose to make any allowance for the possible impact of the ruling as it is currently unclear whether any additional liabilities might arise, and if they were to arise, how they would be reliably measured.

At this stage, it may be appropriate to include a contingent liability disclosure in the pensions note explaining that the amount of the obligation cannot yet be measured with sufficient reliability.

### Note 13: Management Expenses

2024/25 £'000	Management expenses	2025/26 £'000
(6,202)	Administration costs	(6,704)
(8,979)	Investment Management expenses	(14,363)
(1,540)	Oversight and Governance	(1,711)
<b>(16,721)</b>	<b>Value of fund at 31st March</b>	<b>(22,778)</b>

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Oversight and Governance expenses above includes a statutory audit fee of £149k (2024/25 £167k) which is included in Oversight and Governance.

The costs associated with the running of Northern LGPS that relate specifically to WYPF are included within the administration costs above. The total actual costs for the 2025/26 reporting period was £162k (2024/25 £57.4k). The estimated provision for 2025/26 was £1.53m and the brought forward estimated provision from 2024/25 was £50k.

### Note 14: Investment Management Expenses

	2024/25			2025/26		
	Transaction costs	Internal/ External Management fees	Total	Transaction costs	Internal/ External Management fees	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	-	897	897	1,053	1,494	2,547
Equities	1,704	3,812	5,516	2,265	5,437	7,702
Pooled investment vehicles	(21)	1,491	1,470	684	2,095	2,779
Direct property	-	470	470	-	535	535
Cash	-	257	257	-	371	371
	<b>1,683</b>	<b>6,926</b>	<b>8,609</b>	<b>4,002</b>	<b>9,932</b>	<b>13,934</b>
Custody fees			370			429
<b>Total</b>	<b>1,683</b>	<b>6,926</b>	<b>8,979</b>	<b>4,002</b>	<b>9,932</b>	<b>14,363</b>

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

There were no performance fees payable to fund managers in 2024/25 and 2025/26.

## Note 15: Investment Income

2024/25 £'000		2025/26 £'000
84,545	Bonds	89,664
349,244	Equities	362,854
<b>433,789</b>	<b>Bonds, Equities</b>	<b>452,518</b>
17,493	Pooled funds equities	19,468
18,745	Pooled funds properties	17,434
26,575	Pooled funds private equities	26,145
39,817	Pooled funds private equity infrastructure	52,277
<b>102,630</b>	<b>Pooled funds</b>	<b>115,324</b>
1,075	Direct property	4,052
46,100	Cash	23,210
6,310	Interest received on bank balances	14,766
<b>589,904</b>	<b>Total</b>	<b>609,870</b>

## Note 15a: Tax on Income

2024/25 £'000	Tax on income	2025/26 £'000
(13,596)	Dividends from equities	(17,506)
1,131	Investment tax reclaim	1,670
<b>(12,465)</b>	<b>Total tax on income</b>	<b>(15,836)</b>

## Note 16: Direct Property Holdings

2024/25 £'000	Direct Property Holdings	2025/26 £'000
6,200	<b>Opening balance</b>	94,200
	<b>Additions:</b>	
91,713	Purchases	220,363
-	- Construction	-
-	- Subsequent expenditure	-
-	- Disposals	-
(3,713)	Net Increase/ decrease in market value	(4,588)
-	- Other changes in fair value	-
<b>94,200</b>	<b>Closing value</b>	<b>309,975</b>

## Note 17: Investments

### Note 17a: Movement in the value of investments

2025/26	Value as 1 Apr £'000	Purchases £'000	Sales £'000	Reclassification * £'000	Realised gains/losses £'000	Unrealised gains/losses £'000	Value at 31 March £'000
Bonds	2,744,969	3,951,195	(3,282,088)		2,482	95,287	3,511,846
Equities (including convertible shares)	11,670,558	1,129,973	(2,012,195)		872,837	1,119,810	12,780,982
<b>Bonds, Equities</b>	<b>14,415,527</b>	<b>5,081,168</b>	<b>(5,294,283)</b>		<b>875,319</b>	<b>1,215,097</b>	<b>16,292,828</b>
Pooled funds equities	1,015,534	209,575	(229,309)		121,065	(103,195)	1,013,670
Pooled funds properties	524,051	185,401	(68,150)		27,598	25,229	694,129
Pooled funds hedge fund	166,486	20,456	(903)		-	18,357	204,396
Pooled funds private equities	1,549,318	248,521	(241,396)		-	45,505	1,601,949
Pooled funds private equity infrastructure	1,308,846	181,058	(101,656)		-	21,927	1,410,175
<b>Pooled investment vehicles</b>	<b>4,564,235</b>	<b>845,011</b>	<b>(641,414)</b>		<b>148,663</b>	<b>7,823</b>	<b>4,924,320</b>
Direct property	94,200	221,582	(1,219)		-	(4,588)	309,975
<b>Investments</b>	<b>19,073,962</b>	<b>6,147,761</b>	<b>(5,936,916)</b>		<b>1,023,982</b>	<b>1,218,332</b>	<b>21,527,122</b>
<b>Cash Debtors Creditors</b>		<b>Increase</b>	<b>Decrease</b>		<b>Currency movement Increase/ Decrease</b>		
Cash	786,473	160,169	-		(74,287)	-	872,354
Other investment debtors	80,586	-	(2,713)		-	-	77,874
Other investment creditors	(5,729)	-	5,013		-	-	(716)
<b>Total investment cash, debtor and creditors</b>	<b>861,330</b>	<b>160,169</b>	<b>2,300</b>		<b>(74,287)</b>	<b>-</b>	<b>949,512</b>
<b>Total investments</b>	<b>19,935,292</b>	<b>6,307,930</b>	<b>(5,934,616)</b>		<b>949,695</b>	<b>1,218,332</b>	<b>22,476,635</b>

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

WYPF does not have a single financial asset holding that is more than 5% of market value of the total asset holding as at 31/03/2026.

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

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

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

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

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

## Note 17b: Stock Lending

2024/25 £'000	Analysis of stock lending	2025/26 £'000
	<b>Income</b>	
-	Bonds	-
-	UK Equities	-
2,107	International equities	4,001
(388)	<b>Expenditure</b>	(986)
<b>1,719</b>	<b>Total</b>	<b>3,015</b>

As at 31st March 2026 the value of the stock on loan was £1.3bn, equivalent to approximately 6.8% of the total value of assets. The stock on loan was covered by collateral valued at £1.4bn. this includes a 7.63% margin on value.

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

## Note 18: Fair value - basis of valuation

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

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

## Note 18a: Sensitivity of assets valued at level 3

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

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2026	Potential value on increase	Potential value on decrease
		£'000	£'000	£'000
Pooled investments - hedge funds	+ or - 4.84%	183,203	192,070	174,336
Property funds	+or - 4.02%	694,130	722,034	666,226
Direct property	+or - 4.02%	309,975	322,436	297,514
Private equity	+or - 4.84%	3,012,124	3,157,911	2,866,337
Other assets	+or - 4.74%	122,742	128,560	116,924
<b>Total</b>		<b>4,322,174</b>	<b>4,523,011</b>	<b>4,121,337</b>

**Note:** The percentage values for the potential variation in fair value are based on the values from the Northern Trust performance report on investments at March 2026.

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

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

## Financial instruments – valuation

### Valuation of financial assets carried at fair value

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

#### Level 1

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

#### Level 2

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

#### Level 3

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

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

### Note 18b: Valuation hierarchy

	Values at 31-March-2025				Values at 31-March-2026			
	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000		Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets</b>								
Financial assets at fair value through profit & loss	14,983,176	367,415	3,629,172	18,979,763	16,971,814	233,135	4,012,199	21,217,148
<b>Non financial assets at fair value through profit and loss</b>								
Direct property	-	-	94,200	94,200	-	-	309,975	309,975
<b>Total</b>	<b>14,983,176</b>	<b>367,415</b>	<b>3,723,372</b>	<b>19,073,963</b>	<b>16,971,814</b>	<b>233,135</b>	<b>4,322,174</b>	<b>21,527,123</b>

**Reconciliation of fair value measurements within level 3**

<b>2025/26</b>	<b>Value as 1 Apr</b>	<b>Purchases</b>	<b>Sales</b>	<b>Reclassification</b>	<b>Realised gains/(losses)</b>	<b>Unrealised gains/(losses)</b>	<b>Value at 31 March</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pooled investments - Hedge funds	166,268	-	(205)		-	17,140	183,203
Property funds	524,051	185,401	(68,150)		27,598	25,230	694,130
Direct property	94,200	221,582	(1,219)		-	(4,588)	309,975
Private equity	2,858,165	429,580	(343,053)		-	67,432	3,012,124
Other assets	80,688	34,947	(8,608)		1,814	13,901	122,742
<b>Total</b>	<b>3,723,372</b>	<b>871,510</b>	<b>(421,235)</b>	<b>-</b>	<b>29,412</b>	<b>119,115</b>	<b>4,322,174</b>

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

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

## Note 19: Financial instruments – classification

The following table analyses the carrying value of the financial assets and liabilities by category and by net asset statement heading as at 31 March 2026. The table also includes Direct Property (non-financial instrument) for completeness.

	Values at 31-March-2025				Values at 31-March-2026			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	As stated £'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial Assets</b>								
Bonds	2,744,969	-	-	2,744,969	3,511,846	-	-	3,511,846
Equities	11,670,558	-	-	11,670,558	12,780,982	-	-	12,780,982
<b>Bonds, Equities</b>	<b>14,415,527</b>	-	-	<b>14,415,527</b>	<b>16,292,828</b>	-	-	<b>16,292,828</b>
Pooled funds equities	1,015,534	-	-	1,015,534	1,013,670	-	-	1,013,670
Pooled funds properties	524,051	-	-	524,051	694,130	-	-	694,130
Pooled funds hedge fund	166,486	-	-	166,486	204,396	-	-	204,396
Pooled funds private equities	1,549,319	-	-	1,549,319	1,601,949	-	-	1,601,949
Pooled funds private equity infrastructure	1,308,846	-	-	1,308,846	1,410,175	-	-	1,410,175
<b>Pooled investment vehicles</b>	<b>4,564,236</b>	-	-	<b>4,564,236</b>	<b>4,924,320</b>	-	-	<b>4,924,320</b>
Cash	-	786,473	-	786,473	-	872,354	-	872,354
Other investment balances	-	80,586	-	80,586	-	77,874	-	77,874
Debtors	-	72,131	-	72,131	-	78,324	-	78,324
<b>Total financial assets</b>	<b>18,979,763</b>	<b>939,190</b>	-	<b>19,918,953</b>	<b>21,217,148</b>	<b>1,028,552</b>	-	<b>22,245,700</b>
<b>Financial Liabilities</b>								
Other investment balances	-	-	(5,729)	(5,729)	-	-	(716)	(716)
Creditors	-	-	(37,868)	(37,868)	-	-	(47,751)	(47,751)
<b>Total financial liabilities</b>	-	-	<b>(43,597)</b>	<b>(43,597)</b>	-	-	<b>(48,467)</b>	<b>(48,467)</b>
<b>Total</b>	<b>18,979,763</b>	<b>939,190</b>	<b>(43,597)</b>	<b>19,875,356</b>	<b>21,217,148</b>	<b>1,028,552</b>	<b>(48,467)</b>	<b>22,197,233</b>
<b>Non-Financial instrument assets</b>								
<b>Direct Property</b>	94,200	-	-	94,200	309,975	-	-	309,975
<b>Total</b>	<b>19,073,963</b>	<b>939,190</b>	<b>(43,597)</b>	<b>19,969,556</b>	<b>21,527,123</b>	<b>1,028,552</b>	<b>(48,467)</b>	<b>22,507,208</b>

## Note 20: Current assets – debtors

2024/25 £'000		2025/26 £'000
	<b>Debtors</b>	
40,665	Contributions due from employees and employers	41,979
31,466	Other debtors	36,345
<b>72,131</b>	<b>Total</b>	<b>78,324</b>

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

## Note 21: Current liabilities – creditors

2024/25 £'000		2025/26 £'000
	<b>Creditors</b>	
(17,901)	Unpaid benefits	(7,250)
(19,966)	Other current liabilities	(40,501)
<b>(37,867)</b>	<b>Total current liabilities</b>	<b>(47,751)</b>

## 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 2025/26, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £643k in respect of support services provided (£606k in 2024/25). The support costs include a full year support for financial systems, payroll, HR, legal, internal audit and information technology services.

### Employers

Employers are related parties in so far as they pay contributions to the fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in Section 5 of this report. Contributions owed by employers in respect of March 2025 payroll are included within the total debtors figures in Note 20.

### Members

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

Each of the members to the Advisory Panel and the WYPF Local Pension Board is required to declare any interests relevant to the matters being discussed at each meeting. There are nine members who had declared an interest for 2025/26, however there were no transactions in 2025/26 which are considered material. The following organisations are considered related parties due to such relationships.

YPO Procurement Holdings Ltd  
Whitaker & Co Limited  
MHM Trustee Services LTD  
The Leeds United Foundation  
Mosaic Church Limited  
The Gorse Academies Trust  
Leeds Heritage Theatres  
Northern Pool Group (No.1) Limited  
Creedborne Limited  
LBFL Consultancy Ltd

There have been no material transactions between any member or their families and the pension fund. This was also the case for 2025/26.

### Key management personnel

No senior officers responsible for the administration of the Fund have entered into any contract for the supply of goods or services to the Fund, other than their contract of employment with City of Bradford Metropolitan District Council. This was also the case for 2024/25.

IAS 24 requires entities to disclose key management personnel compensation. The Fund has identified key management personnel as the Managing Director of the West Yorkshire Pension Fund, the Chief Investment Officer of the West Yorkshire Pension Fund and the Chief Executive of Bradford Council. The combined compensation for these officers, attributable to West Yorkshire Pension Fund, is £378k (2024/25 £426k). Details of the remuneration for these two posts are included in Note 28 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 its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

The management of risk is set out in the fund's Investment Strategy Statement, which in turn is driven by the Funding Strategy Statement. The full text of these statements can be found at the end of this document and also at <https://www.wypf.org.uk/wypf/wypf-documents-and-boards/>

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

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

### Market risk

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

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

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

The Fund's asset holdings are spread across more than 800 UK companies, and almost 1,000 foreign companies, and a range of unit trusts and managed funds.

Risk is controlled by reviewing on a continuous basis the risk attached to the Fund's asset allocation relative to the fund-specific benchmark, to ensure that any major divergence from the benchmark is acceptable.

Custodian risk is controlled through continuous monitoring and periodic review of the custodial arrangements.

Risk is also monitored in relation to the funding position of the Fund and the investment requirements that flow from it, in conjunction with the Fund's actuary.

Counter-party and cash management risk are controlled by the in-house investment management team through the setting of appropriate limits for exposure with any individual organisation.

The market risk is captured by changes in the market value of assets and this risk is measured by price risk, interest rate risk, currency risk, credit risk and liquidity risk. Sensitivity analysis of each type of market risk follows with the method of assumption.

#### a. Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the fund to ensure it is within limits specified in the Fund's investment strategy.

### Price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. Riskier assets such as equities will display greater potential volatility than bonds for example, so the overall outcome will depend largely on asset allocation. The fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period.

Asset Type	Value as at 31 March 2026 £000	Percentage change %	Value on increase £000	Value on decrease £000
Bonds	3,511,846	(1.90)	3,445,121	3,578,571
Equities	12,780,982	4.84	13,399,582	12,162,382
Pooled funds equities	1,013,670	4.84	1,062,732	964,608
Pooled funds properties	694,130	4.02	722,034	666,226
Pooled funds hedge fund	204,396	4.84	214,289	194,503
Pooled funds private equities	1,601,949	4.84	1,679,483	1,524,415
Pooled funds private equity infrastructure	1,410,175	4.84	1,478,427	1,341,923
Direct property	309,975	4.02	322,436	297,514
<b>Total Investment Assets</b>	<b>21,527,123</b>		<b>22,324,104</b>	<b>20,730,142</b>

Asset Type	Value as at 31 March 2025 £000	Percentage change %	Value on increase £000	Value on decrease £000
Bonds	2,744,969	(1.90)	2,692,815	2,797,123
Equities	11,670,558	4.84	12,235,413	11,105,703
Pooled funds equities	1,015,534	4.84	1,064,686	966,382
Pooled funds properties	524,051	4.02	545,118	502,984
Pooled funds hedge fund	166,486	4.84	174,544	158,428
Pooled funds private equities	1,549,319	4.84	1,624,306	1,474,332
Pooled funds private equity infrastructure	1,308,846	4.84	1,372,194	1,245,498
Direct property	94,200	4.02	97,987	90,413
<b>Total Investment Assets</b>	<b>19,073,963</b>		<b>19,807,063</b>	<b>18,340,863</b>

### b. Interest rate risk

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

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

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2026 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

#### Interest rate risk – sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes 221 basis points (2025/26) and 261 basis points (2024/25) which indicates volatility in interest rates over a 12-month period and that the market is experiencing fluctuations due to factors such as economic conditions, inflation expectations and monetary policy changes. The effect in the year on the net assets available to pay benefits of a +/- 261 BPS change in interest rates.

Asset Type	Value as at 31 March 2025	Value on increase +221BPS	Value on decrease -221BPS	Value as at 31 March 2026	Value on increase +261BPS	Value on decrease -261BPS
	£000	£000	£000	£000	£000	£000
Bonds (excluding Index-linked bonds)	1,514,652	1,554,184	1,475,120	2,107,824	2,154,407	2,061,241
Cash	786,473	807,000	765,946	872,354	891,634	853,075
<b>Total</b>	<b>2,301,125</b>	<b>2,361,184</b>	<b>2,241,066</b>	<b>2,980,178</b>	<b>3,046,041</b>	<b>2,914,316</b>

**c. Currency rate risk**

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

The following table summarises the Fund's currency exposure as at 31 March 2025 and 31 March 2026.

**Currency rate risk - sensitivity analysis**

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be 3.0%, (2024/25 3.0%). A 3.0% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Asset Type	Value as at 31st March 2025	Value on increase +3.0%	Value on decrease -3.0%	Value as at 31 March 2026	Value on increase +3.0%	Value on decrease -3.0%
	£000	£000	£000	£000	£000	£000
Overseas bonds	611,166	629,501	592,831	17,097	17,610	16,584
Overseas equities	7,144,571	7,358,908	6,930,234	8,416,875	8,669,381	8,164,369
Pooled funds overseas equities	551,128	567,662	534,594	576,648	593,947	559,349
Pooled funds overseas properties	79,205	81,581	76,829	112,650	116,030	109,271
Pooled funds overseas private equities	302,166	311,231	293,101	285,621	294,190	277,052
Pooled funds overseas private equity infrastructure	224,803	231,547	218,059	295,951	304,830	287,072
Foreign currency cash deposits	69,269	71,347	67,191	99,651	102,640	96,661
<b>Total overseas assets</b>	<b>8,982,308</b>	<b>9,251,777</b>	<b>8,712,839</b>	<b>9,804,493</b>	<b>10,098,628</b>	<b>9,510,358</b>

**d. Credit risk**

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

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

**e. Liquidity risk**

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

## Note 24: Contractual commitments

The table below shows the undrawn commitments of the West Yorkshire Pension Fund at 31 March 2025 and 31 March 2026.

	Investment value at 31 March 2025 £000	Undrawn commitments £000	Investment value at 31 March 2026 £000	Undrawn commitments £000
<b>Asset class</b>				
Private equity	2,858,165	1,492,359	3,195,326	1,513,849
Property funds	524,051	29,081	694,130	104,588
<b>Total</b>	<b>3,382,216</b>	<b>1,521,440</b>	<b>3,889,456</b>	<b>1,618,437</b>

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

## Note 25: Accounting Standards Issued, not yet adopted

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

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

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

The following amendment does not apply as all foreign exchange held by the Fund is exchangeable.

**IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The following amendment does not apply as the Fund does not hold any insurance contracts.

**IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

All the above accounting standards do not have an impact on the West Yorkshire Pension Fund.

## Note 26: Investment Strategy Statement

West Yorkshire Pension Fund has prepared an Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

Full details of the ISS and the FSS are included in this report and are available on the Fund's website.

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

**SECTION – 6**

**GLOSSARY OF FINANCIAL TERMS**

**DRAFT**

## GLOSSARY OF FINANCIAL TERMS

### ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

### ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

### ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council.

### AMORTISATION

The writing off of a loan balance over a period of time to revenue.

### Impairment Allowance

An amount set aside to cover money owed to the Council where payment is considered doubtful.

### BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

### BILLING AUTHORITY

The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

### BUDGET

The budget represents a statement of the Council's planned expenditure and income.

### CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

### CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

**GLOSSARY OF FINANCIAL TERM (continued)****CASH EQUIVALENTS**

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

**CODE**

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

**COLLECTION FUND**

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority's General Fund.

**COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

**COMPONENTISATION**

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

**CONSUMER PRICE INDEX (CPI)**

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

**CONTINGENT ASSET**

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

**CONTINGENT LIABILITY**

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

**COUNCIL TAX**

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

**COUNCIL TAX BASE**

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

**CREDITORS**

Amounts of money owed by the Council for goods or services received.

**GLOSSARY OF FINANCIAL TERM (continued)****DEBTORS**

Amounts of money owed to the Council for goods or services provided.

**DEDICATED SCHOOLS GRANT (DSG)**

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

**DEPRECIATION**

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

**DIRECT REVENUE FINANCING**

Funding of capital expenditure directly from revenue budgets.

**EARMARKED RESERVES**

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

**EXIT PACKAGES**

The cost to the Council of early termination of staff employment before normal retirement age.

**EXTERNAL AUDITOR**

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Fovis Mazars.

**FAIR VALUE**

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

**FINANCIAL YEAR**

The local authority financial year starts on 1 April and ends the following 31 March.

**GENERAL FUND**

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough's share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

**GLOSSARY OF FINANCIAL TERM (continued)****HERITAGE ASSETS**

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

**HOUSING REVENUE ACCOUNT (HRA)**

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

**IMPAIRMENT**

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

**INFRASTRUCTURE ASSETS**

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

**INTANGIBLE ASSETS**

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

**INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)**

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

**INVENTORIES**

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

**LEVIES**

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

**MINIMUM REVENUE PROVISION (MRP)**

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

**NATIONAL NON-DOMESTIC RATE (NNDR)**

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

**GLOSSARY OF FINANCIAL TERM (continued)****NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

**NON-CURRENT ASSETS**

Assets which yield a benefit to the Council for a period of more than one year.

**OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

**NON-OPERATIONAL ASSETS**

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

**OUTTURN**

This is the actual level of expenditure and income for the financial year.

**PENSION FUNDS**

For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

**PENSION STRAIN**

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

**PRIVATE FINANCE INITIATIVE (PFI)**

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

**PRECEPT**

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

**PROPERTY, PLANT AND EQUIPMENT (PPE)**

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

**GLOSSARY OF FINANCIAL TERM (continued)****PROVISION**

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

**PRUDENTIAL CODE**

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

**PUBLIC WORKS LOAN BOARD (PWLB)**

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

**PUPIL PREMIUM GRANT**

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

**RATEABLE VALUE**

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

**RELEVANT POPULATION**

The population of the London Borough of Waltham Forest, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

**RETAIL PRICE INDEX (RPI)**

The measure of inflation used prior to the adoption of CPI by the Government.

**REVALUATION**

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

**REVENUE EXPENDITURE**

The regular day to day running costs a Council incurs to provide services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

**REVENUE SUPPORT GRANT (RSG)**

The general grant paid by the Government to local authorities to help finance their services.

**GLOSSARY OF FINANCIAL TERM (continued)****SURPLUS ASSETS**

Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

**USABLE CAPITAL RECEIPTS**

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

**ABBREVIATIONS USED IN THE ACCOUNTS:**

**BRS** – Business Rate Supplement

**CIPFA** – Chartered Institute of Public Finance and Accountancy

**CIES** – Comprehensive Income and Expenditure Statement

**CPI** – Consumer Price Index

**DSG** – Dedicated Schools Grant

**EIR** – Effective Interest Rate

**FRS** – Financial Reporting Standard

**HRA** – Housing Revenue Account

**IAS** – International Accounting Standards

**ISB** – Individual Schools Budget

**IFRS** – International Financial Reporting Standards

**MRR** – Major Repairs Reserve

**MIRS** – Movement in Reserves Statement

**NNDR** – National Non-Domestic Rates

**PFI** – Private Finance Initiative

**PPE** – Property, Plant and Equipment

**PWLB** – Public Works Loan Board

**REFCUS** – Revenue Expenditure Funded From Capital Under Statute

**RICS** – Royal Institution of Chartered Surveyors

**RPI** – Retail Price Index

**RSG** – Revenue Support Grant