Statement of Accounts
2023 – 24

City of
BRADFORD
METROPOLITAN DISTRICT COUNCIL

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2023-24

CONTENTS **Page**

Notes to the Main Financial Statements

City of Bradford Metropolitan District Council's Statement of Responsibilities

The Council is required to:

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

Director of Finance Responsibilities

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

In preparing this Statement of Accounts, the Director of Finance has:

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

In addition, he has issued:

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

Certification of the Statement of Accounts

I certify that this statement of accounts presents a true and fair view of the financial position of Bradford Council as at 31 March 2024 and its income and expenditure for the year then ended; and of the West Yorkshire Pension Fund.

Signed:

Steven Mair
Interim Director of Finance (S151 officer)
Date of the Statement of Accounts approved on: 27/2/25

I certify that this Statement of Accounts was approved by the Corporate Governance and Audit Committee on 25 February 2025.

Signed

Angela Tait

Cllr Angela Tait
Chair Governance and Audit Committee
Date of the Statement of Accounts approved on: 27th february 2025

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of City of Bradford Metropolitan District Council (‘the Council’) and its subsidiary (‘the Group’) for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Income and Expenditure Statement, the Statement of Movement on the Housing Revenue Account Reserve,, the Collection Fund Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2024 and of the Council’s and the Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

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

Emphasis of matter – capitalised expenditure

We draw attention to Note 3 of the financial statements (Critical Judgements in applying Accounting Policies – Capitalised expenditure), which describes the basis on which the Council has determined it is appropriate to capitalise £80m of revenue expenditure before receiving a capitalisation direction from the Secretary of State. As disclosed in Note 3 of the financial statements, the Council’s judgement is that it has undertaken all the required actions and complied with the conditions specified in correspondence received from the Secretary of State on 27 February 2024, That correspondence explained what needed to happen to enable the Council to receive a capitalisation direction under section 16(2)(b) of the Local Government Act 2003. Note 3 states that the Council has concluded that, in its judgement, the Secretary of State’s intention was that the financial statements should include the capitalised expenditure, and formal approval of the capitalisation direction would be issued following publication of the audited financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the City of Bradford Metropolitan District Council's Statement of Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the

Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

- inquiring with management and the Governance and Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

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

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

In July 2024 we identified significant weaknesses in relation to financial sustainability and governance for the 2021/22 year. In our view these significant weaknesses remain for the year ended 31 March 2024:

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

Responsibilities of the Council

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

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

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

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

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

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

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

We have nothing to report in these respects.

Use of the audit report

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

Alastair Newall, Key Audit Partner
For and on behalf of Forvis Mazars LLP

One St Peter's Square
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The Narrative Report

Introduction

The Financial Statements of the City of Bradford Metropolitan District Council for the year ending 31st March 2024 are set out in this document. They are prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) which requires that the accounts show a true and fair view of the financial position of the Council. Suitable accounting policies have been adopted and applied consistently. Where necessary judgements and estimates have been made which comply with the Code.

This narrative report explains the main information included in the accounts, gives an overview of the Council as at 31st March 2024 and provides further information about the most significant matters reported in the accounts, along with an analysis of the pressures and risks that may impact on future financial performance.

Organisational Overview & External Environment

Our district

The City of Bradford Metropolitan District Council works alongside public and private sector partners and communities, to deliver services and democratically accountable leadership to a diverse population more than 560,200 people and over 16,000 businesses.

The Council strives to secure better outcomes and equality of opportunity for everyone in the district. It employs approximately 6,850 people (excluding schools). The Bradford District is the fifth largest Metropolitan Local Authority District in England. It is amongst the youngest cities in the UK, with 27.9% of people aged under 20 and the median age of 36.8 is lower than the regional and national averages. Its population is growing and projected to reach 551,00 by 2029 with the greatest growth projected to occur among people aged 75+. Non- white British groups form 43.3% of the population and over 160 languages are spoken here.

Geographically, our district includes the city of Bradford itself, the large town of Keighley and several smaller towns and villages many with their own strong and distinctive identities. Outstanding natural landscapes and vistas complement our historically important architecture alongside a rich heritage and vibrant contemporary cultural scene. Ilkley Moor, Haworth and Brönte Country, Saltaire World Heritage Site and the National Science and Media Museum, amongst numerous other sites, attract up to 10 million visitors each year.

The scale, diversity and productive potential of the district is reflected in its strong, broad-based, innovative and entrepreneurial business community, which is part of an overall local economy worth over £13 billion.

Bradford District is home to high-value production businesses across a wide range of sectors, including food manufacturing, engineering, chemicals, digital technologies, energy and utilities. Many businesses support international supply chains in sectors such as automotive, construction, finance and health, making us one of the most internationally connected cities in the UK. The University of Bradford is a hive of technological innovation.

Public services and the voluntary and community sector have a strong track record of working together in mature and effective partnerships, and the district's work to bring communities together and promote participation is among the most innovative to be found in the UK.

Bradford is UK City of Culture 2025 a significant and transformational achievement which could deliver an estimated 15.5m visitors and bring in an additional visitor spend of £136.9m into the local economy. The increased cultural and economic activity is expected to deliver up to £389 million of growth. The funding boost will also help Bradford with its ambition, set out in its bid to host the event, to create 6,845 new jobs and opportunities by 2030.

While the Council and its partners have a wealth of assets to hand, the district, like other districts of commensurate size and complexity, faces major and persistent challenges, as follows:

- Poverty: Whilst the district includes some of the most affluent areas in the north of England, the Bradford District is the fifth most income-deprived in the country. Some 269,500 people live in areas that are among the poorest 20% in England and over a third of our children live in poverty. Fuel poverty affects 19.8% of households, the highest rate in West Yorkshire. Health inequalities persist and the gap in life expectancy between the wealthiest and poorest areas of the district is around eight years for women and around ten years for men. These levels of poverty increase the demand for public services.

- Connectivity: Bradford represents one of the UK's most significant opportunities to deliver growth at scale however poor transport links constrain its potential. Bradford is the largest city in the UK not on a mainline rail station and improving its connectivity to other major cities across the North and beyond is key to unlocking its growth potential. We have been working with the Government to connect Bradford to the mainline Transpennine Express line and to develop plans for a new city centre station. We are also working with West Yorkshire Combined Authority on plans for a mass transit system. These initiatives would have a transformational impact on the economy, slashing journey times to other northern cities and towns, opening access to new labour markets and opportunities and facilitating growth in the city's Southern Gateway development area.

- Education and Skills: While progress has been made in closing the gap in educational attainment between the district and the national average it has not gone far enough or fast enough and the adult skills base remains relatively low as a consequence. This ultimately affects productivity and potential inward investment decisions.

- Resources: The district has high levels of need and demand for public services but the Council has limited ability to raise income locally. At time of writing our Band D Council tax is £145 below the average for Metropolitan authorities and 81% of our households are below Band D.

About the Council

The policies of the Council are directed by the political leadership and implemented by the Corporate Management Team and officers of the Council. There are 90 Councillors who representing 30 electoral wards.

The political make-up of the Council is:

- 49 Labour
- 14 Conservative and Queensbury Independents
- 5 Liberal Democrat
- 10 Green
- 9 Bradford Independents
- 3 Independents

The Labour Party are the majority party and Labour Members form the Executive.

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

The Council Plan 2022-2025

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

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

Further detail about the Council Plan can be found via this link https://www.bradford.gov.uk/council-plan/council-plan/

The Council's implementation of that strategic intent along with its own internal strategic priorities are set out in the **Council Plan | Bradford Council.**

The Bradford Council Plan is a working document for what this Council wants to achieve to create as good a quality of life as possible for the people and communities of Bradford District. The plan was subject to public consultation and has been agreed by both the Council's Executive and Full Council.

The Council Plan 2022-25 sets out the Council's approach to achieving its overarching ambition of an inclusive and sustainable District that works for everyone. Our priority outcomes identified as being key to the realisation of this ambition are:

- Better Skills, more good jobs and a growing economy - We will grow our local economy in an inclusive and sustainable way by increasing productivity and supporting businesses to innovate, invest and create great jobs.

- A Great Start and a Good School - We will help our children to have the best start in life by improving life chances, educational attainment and overall quality of life for all young people regardless of their background.

- Better Health, Better Lives - We will help people from all backgrounds to lead long, happy and productive lives by improving their health and socio-economic wellbeing.

- Safe strong and active communities - – We want the Bradford District to be a place where everyone can play a positive role in their community and be proud to call the district their home.

- Decent Homes that people can afford to live in - We want everyone to have a comfortable home which meets their needs and helps them lead fulfilling lives.

- A Sustainable District - We will make it easier for individuals, households and businesses to adapt, change and innovate to help to address the climate emergency, reduce carbon and use resources sustainably.

- An enabling council - We will be a council that is a great place to work and reflects the communities we serve. Our people will have the tools to do their jobs effectively. We will manage our resources well and seize all opportunities to bring funding into the district. We will provide good, accessible services.

The District and Council Plans are currently under review and will be updated. Further detail about the Council Plan can be found via this link

https://www.bradford.gov.uk/council-plan/council-plan/

Financial Outlook

The financial year 2023-24 has been another challenging year. The Council has had to manage continuing increases in demand for services, especially in Adults and Children's Social Care. Taken together with the significant increase in inflation influencing general prices for goods and materials purchased by the Council, and energy costs which had a much higher and longer impact than expected, has resulted in further utilisation of its reserves.

Bradford faces financial challenges on an unprecedented scale and the Council, overspent its £453.2m net revenue budget for 2023-24 by £80m. At this time, the Council has practically speaking no useable reserves to draw upon therefore Exceptional Financial Support was requested from the Government to balance the budget.

The Council has recognised the serious financial situation it is in and is embarking on a significant and large-scale efficiency and transformation programme to support its aim of reaching financial sustainability. The Medium Term Financial Strategy (MTFS) sets out the Council's path back to financial sustainability and a balanced budget by 2030-31. It now has a seven-part strategy agreed at Council in March 2024. These areas for action are:

- achieving very significant revenue savings of £49m in 2023/24, £40m in 2024/25 and 2025/26 and £50m per annum thereafter.
- asset sales, initially targeted at £150m;
- reductions in the capital programme, target pending outcome of the ongoing reviews;
- a one off Council Tax increase of 9.99%;
- income increases – pending Member and MHCLG considerations;
- a complete grip on revenue expenditure through expenditure control panels;
- a full review of the financial management and finances of the Council;
- investment in core functions to facilitate the recovery of the Council.

The current budget monitoring suggests the Council continue facing the financial situation with significant funding gaps forecast for the current financial year and for 2025-26 and beyond. This means a further request for exceptional financial support will be required from the Central government. It enables the Council to continue protecting the vulnerable, supporting communities, supporting businesses and keeping essential services running, while continue with implementation of the budget forecast mitigation plan in order to return to a more sustainable position for the future.

Should further Exceptional Financial Support not be provided for as requested, then the Council's Section 151 Officer will issue a s114 notice recognising that a balanced budget cannot be achieved and imposing new spending restrictions.

Financial Performance 2023-24

General Fund Services

The Council's General Fund budget for its own net expenditure was set at £453m in 2023-24. Band D Council Tax (excluding both Police and Fire Authority precepts) was set at £1,620.98, a 2.99% increase on the previous year. Comprehensive revenue and capital budget monitoring is carried out during the year and is supplemented by quarterly finance position statements presented to the Executive.

As outlined in reports to Executive during the year, a growing number of Councils across the country are reporting severe financial pressures. Bradford also faces financial challenges on an unprecedented scale and the Council, including the Bradford Children and Families Trust (BCFT), overspent its £453m net revenue budget for 2023-24 with a significant funding gap by £80m, this is the equivalent to Ministry of Housing, Communities and Local Government (MHCLG), previously known as Department for Levelling Up, Housing and Communities, exceptional financial support approval.

The £80m budget gap included a £72.9m variance on service related overspends in the Council and the BCFT, and £7.1m of year end additions to the general fund reserve to provide additional resilience for future years.

Aside from the very significant increases in Children's Social Care costs and recent large-scale increases in unfunded inflationary pressures, the other main driver of the Councils financial pressure compared to other Councils is on the income side.

Council Tax revenues are approximately £20m below the average of other Metropolitan Councils on a pro rata bases. The Band D rate in Bradford is c£135 per year below the Metropolitan Council average, and £400 below the highest. Bradford currently ranks as having the 30th lowest Council Tax out of the 36 Metropolitan Councils; is the lowest in West Yorkshire and 2nd lowest in the Yorkshire and Humber region. The Government sets a Council Tax referendum limit each year, and this therefore provides limited scope to raise further revenues, subject to exceptional circumstances which the Council has been granted in 2025/26.

In summary, the financial challenges facing Bradford are acute and result from facing cuts that have been higher than others; increases in Children's Social Care costs that have resulted in benchmark spend going from low to high in a short period of time; the unbudgeted impact of extraordinary inflation in 2023-24, low Council Tax relative to other councils, not receiving additional government support due to having pressures in the wrong service areas (i.e. Children's Social Care and not Dedicated Schools Grant), and Government delays to Local Government funding reforms that would have been expected to significantly increase funding for Bradford Council.

Many Councils are experiencing similar pressures across the country as a result of these systemic funding issues. This is something that is without historic precedent and is reflective of a sector in dire need of support. Bradford council is no exemption, and there remains considerable financial challenges looking ahead.

Net Revenue Budget

	Gross Budget £m	Net Budget £m	Total Variance £m
Health and Wellbeing	246.7	151.4	14.2
Children's Services excl BCFT* variance	380.8	20.4	7.3
Department of Place	215.1	123.0	1.5
Corporate Resources	214.8	57.1	2.4
Chief Executive including Public Health	62.7	7.0	-1.3
Non-Service Budgets	50.2	-66.9	0.2
General Fund**	123.9	-13.0	13.4
Net Budget Funding	-48.5	-453.2	0
Total Council	**1,245.7**	**0**	**37.7**
BCFT Contract	**182.2**	**174.0**	**42.3**
Total Council and Trust	**1,428.0**	**0**	**80.0**
Less Capitalisation Directive (EFS)			**-80.0**
Year end			**0.0**

Reserves

At 31st March 2024 useable reserves (excluding Capital Grants Unapplied and Capital Receipts) stood at £141.4m (Council £93.5m, Schools £47.1m and HRA £0.8m), compared to £171.1m at the end of 2022-23, representing a £29.7m decrease in total useable reserves in addition to the £80m capitalisation direction under the government granted exceptional financial support. General Fund reserve balance was £39.6m.

Reserve Type	Total Reserves Opening Balance £ms	In year reserve movements £ms	Total Reserves Closing Balance £s
General Fund Balance	22.0	17.6	39.6
Service Earmarked Reserves	45.3	-13.5	31.8
Grant Reserves	17.4	-1.9	15.5
Corporate Earmarked Reserve	35.3	-29.5	5.8
Corporate Capital Reserves	0.4	0.3	0.7
Total Council reserves	**120.0**	**-27.1**	**93.5**
School Balances	50.6	-3.5	47.1
HRA	0	0.8	0.8
Total	**171.1**	**-29.4**	**141.4**

The Councils non schools reserve levels reduced by a net £26.1m to £94.3m in 2023-24. This included amongst others c£48m of reserve drawdowns that were agreed as part of the 2023-24 budget that were partly offset by £7.1m of additions to the General Fund reserve at year end as previously outlined. This supplemented a further c£11.8m of reserves that were successfully repatriated from the West Yorkshire Combined Authority + Transport Fund and added to the General Fund reserve earlier in the year.

The total Council reserves have reduced from a high of £256.1m in 2020-21, which was due in part to the carry forward of Covid related funding to £94.3m at the end of 2023-24.

The Council has since used its reserves to help cover the acute financial pressures associated with inflation and Children’s Social Care, and remaining General Fund unallocated reserve levels were not sufficient to cover the year-end overspend in 2023-24. Consequently, the Council made a request to MHCLG in December 2023 for £80m of Exceptional Financial Support from Government that was provisionally approved in March 2024.

Included in the £94.3m of Council reserves at end of 2023-24 are £15.5m of grants reserves and £38.1m of reserves that have been earmarked for specific purposes, leaving only £39.6m of General Fund reserves that are unallocated.

Useable reserves and reserve movements are reported to the Executive during the year as a part of the Quarterly Finance Position Statements. The Council takes a risk based approach to the management of useable reserves. As part of the current financial strategy the Council is to start replenishing those reserves over the next 5 years.

The Council has £2.6m of S31 Business Rates Grant Reserves that contains the Councils share of Section 31 grants which may be required to repay back to the government in future years.

Service departments will also drawdown from useable earmarked reserves for committed expenditure in line with plans.

In addition to useable reserves, the Council also has a number of other accounting reserves, and these are detailed in the Movement in Reserves Statement with the corresponding notes providing further explanation.

Housing Revenue Account

1st April 2023 was the opening date for Housing Revenue Account (HRA). The Council owns approximately 406 homes generating rental income of £2.5m in 2023-24. Rental income together with other sources of funding such as grant income, is held in a ring-fenced account referred to as the Housing Revenue Account (or HRA). The HRA is used to maintain and manage existing dwellings as well as to create new social housing. At 31 March 2024 the HRA held working balances of £0.8m.

The HRA Business Plan, approved in March 2023, sets out the strategic plan for managing and maintaining the council's affordable housing stock, and supports capital investment on affordable housing stocks of £14.3m over the next 30 years. This includes property acquisition of affordable new homes. The project has progressed well during 2023-24, with spend totaling £4.68m during the year.

Business Rates and Council Tax

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

The Council was a member of the Leeds City Region Business Rates Pool in 2023-24. The pool is a voluntary arrangement which allows local authorities to retain locally a proportion of any growth in business rates income.

In this scheme the pool retains 50% of retained business rates. However, it also increases financial risk to the Council through additional liabilities in respect of backdated appeals and risks from non-collection. The operation of the pool is governed by a formal agreement between the authorities. The pool is led by a Joint Committee made up of the leaders from some of the authorities and is administered by Leeds City Council.

The Collection Fund is an agent's statement. The Council is required by statute to maintain this separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates.

On Council Tax, pressure from the increased costs of living increases risks of a higher level of uncollected debt. Unemployment rate is in relatively stable level in the past year, and the cost of the Council Tax Reduction scheme (previously called Council Tax benefit) remained static, at around 30,000 recipients at 31st March 2024. House building on the other hand seems steady, over the last 2 years we have averaged 1100 additions per year, but that is relatively low.

Overall, there was a Council Tax collection fund surplus of £4.2m in 2023-24, of which the Council's share was £3.9m.

Business Rates collection has also been significantly impacted by the pandemic. However, the Council has a relatively high needs assessment compared to its collection; and since the difference is funded by a Government Top Up grant, this reduces the collection risk compared to other Councils.

Overall, there was a Business Rates collection fund deficit of £1.014m at 31st March 2024 of which the Council's share was £0.497m. The Council has received Section 31 grants from the Government in 2023-24 to compensate for the additional reliefs provided to businesses. Overall, the Council's share of the Collection Fund deficit from 2023-24 will be materially covered by grants.

Further details about the Collection fund can be found in the Collection Fund Section of these accounts.

Key Performance Indicators

The Council Plan (2022-25) includes a core set of indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the outcome areas included in the Council Plan.

Further detailed performance information is provided to the Executive at:

https://bradfordintranet.moderngov.co.uk/documents/s34309/Document%20J.pdf

Risk and Opportunities

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

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

A key issue for the Council is Children's Social Care which has seen significant growth in budget in recent years. However, the budget overspent significantly again in 2023-24 due to high levels of demand in services and inflation levels not seen for decades. For the district this could impact on a huge variety of areas affecting residents and businesses.

In 2023-24 the net cost of Adult & Children's Social Care was £345m (includes BCFT budget), 76% of the Council's net budget, and these costs are currently growing at an unsustainable rate. The scale of future challenges will inevitably impact on services and residents to some extent. In considering what savings can be made we have taken long term approaches to the development of future services and this approach will help to protect the needs of the most vulnerable people in the district.

At a time of significant funding uncertainty and rising demand it is absolutely essential to set a prudent, stable and achievable budget. Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is also paramount.

Alongside the revenue budget, the Capital Strategy sets out continuing capital investment, and details regarding some of the major capital schemes that will impact on the economy of the District. In addition, the Council is continuing to make investment in Information and Communications technology (ICT), recognising that the need for high quality technology will be crucial to delivering services in the most effective manner in the future.

Being the UK City of Culture in 2025, will provide an opportunity for the district to showcase its unique culture and heritage, and to attract investment into the district.

Non-Current Assets

The council holds various non-current assets which are categorised as follows: -

- Property, plant and equipment (PPE) – this includes council dwellings, land & buildings, infrastructure assets, community assets, surplus assets, assets under construction and tangible plant, vehicle and equipment assets
- Intangible assets
- Heritage assets
- Investment property
- Assets held for sale

The accounting standard IFRS 13 Fair Value Measurement was adopted by the Council back in 2015-16. In accordance with this accounting standard, the council's Investment Properties and Surplus Assets are valued at fair value and measured at their highest and best use. Assets Held for Sale are measured at the lower of the carrying value on reclassification to this category, or the fair value less costs to sell.

The fair value measurements are carried out in accordance with IFRS 13. All other property, plant and equipment assets, with the exception of assets under construction and infrastructure assets, are carried at current value. Further details of the measurement bases used are provided in the accounting policies section.

Infrastructure assets and Vehicles, Plant and Equipment are measured at depreciated historic cost, whilst assets under construction are measured at historic cost. Heritage assets are measured at market value where this exists, or replacement cost. Intangible assets are measured initially at cost and then usually carried at amortised cost. The Valuation techniques adopted for each category of non-current assets are in accordance with the requirements set out in the CIPFA Code of Practice.

The 2023-24 balance sheet value of the Council's non-current assets (including current assets held for sale and and excluding pension assets, long term debtors and long-term investment) is £1,045.3m. This has decreased by £52m from the 2022-23 value of £1,097.3m. Capital enhancements to the value of £122.3m were made to these assets during 2023-24 and Assets to the value of £36.0m were disposed of during the year.

Non-current assets were depreciated by £39.2m during 2023-24. This figure includes amortisation of intangible assets and impairment. Valuations on the Council's properties are carried out by qualified valuers in Montagu Evans. A revaluation programme exists which set out when each category of Asset will be valued and during 2023-24, this programme included public open space, playing fields and cemeteries. The programme decreased values by £99m.

Capital Expenditure

The Capital Investment Plan deals with investment in land, buildings and equipment that brings benefits to the Council for more than one year. In contrast costs that are used up on an on-going basis are dealt with in the revenue budget, for example the payment of salaries to staff for a library.

The Capital Investment Plan originally budgeted 2023-24 spend at £236.4m (Full Council, 18th February 2023). This budget was re-profiled to £212.4m in the 1st quarter monitoring report (Executive, 13th July 2023). Since the agreement of the 2023-24 budget in the first monitoring report the only changes to budgets have been for new approved schemes and the budget in the 4th quarter monitoring report was £219.2m, with the spend forecast being £185.6m (Executive, 9 April 2024).

Against the latest re-profiled budget of £303.2m, the Outturn was £258.7m. This is summarised by Department in the Table below.

Capital Investment Plan 2023-24	**31 Mar 2024 Budget**	**Outturn**	**Variance**
	£'m	£'m	£'m
Health and Wellbeing	4.8	2.2	2.6
Children's Services	24.7	20.6	4.1
Place – Economy and Development	52.5	43.1	9.4
Place – Planning, Transportation and Highways	81.9	63.2	18.7
Place – Other	20.2	13.9	6.3
Corp Services – Estates and Property Services	32.5	31.0	1.5
Total - Services	**216.6**	**174.0**	**42.6**
Reserve schemes and contingencies	3.9	0	3.9
Subtotal	**220.5**	**174.0**	**46.5**
Capitalisation Direction (EFS)	**80.0**	**80.0**	**-**
TOTAL GENERAL FUND	**300.5**	**254.0**	**46.5**
HRA	**2.8**	**4.7**	**-1.9**
TOTAL CAPITAL PROGRAMME	**303.3**	**258.7**	**44.6**

Where the money came from to pay for the spending on capital schemes in 2023-24:

The Council can borrow to fund capital investment. It sets and observes a range of indicators covering the level of capital expenditure and the cost of financing it, to ensure borrowing is responsible and affordable. One such measure is the Council's Capital Financing Requirement, which represents the amount of Council's capital expenditure funded by internal or external borrowing. In 2023-24 borrowing increased to £907.581m from the £769.236m in 2022-23.

The main reason for the increase in the Capital Financing Requirement was the higher capital spend increasing the amount of spend funded by borrowing.

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

In 2023-24 the capital spending of £258.7m was funded as follows:

- £159.5m (61.7%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £93.7m (36.2%) from government and other grants.
- £5.5m (2.1%) from revenue contributions and other revenue reserves.

Capital commitment has increased to £80.8m in 2023-24 from £77.9m in 2022-23 due to contracts entered for large capital schemes such as Markets, Bereavement , Smart Street Lighting and works to Bradford Forster Square. Looking ahead, the Council is progressing with some major regeneration schemes including the Bradford Live Music venue in the former Odeon building and the new Market on Darley Street.

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 2023-24 13 schools converted to Academy status. The Council is not recompensed for any of these disposals. For further information on how the Council decides which schools should be included on its Balance Sheet see the Critical Judgements in Applying Accounting Policies on page 25.

<u>Treasury Management</u>

The Council ‘s year-end treasury debt position for 2023-24 compared to 2022-23 is summarised in the table below:

	31 March 2023 Principal £’m	**31 March 2024 Principal £’m**
Fixed rate funding:		
-PWLB	366.8	500.3
-Market	36.2	36.2
-Other	12.1	13.5
PFI and other finance leases	138.2	129.3
Short term borrowing	50.0	57.0
Total debt as per Treasury Management Outturn Report	**603.3**	**736.3**
In year carrying value adjustment	1.6	1.5
Total Debt as at 31 March	**604.9**	**737.8**

£6.484m of PWLB loans matured in January 2024 with a rate of interest of 9.125%.
Due to increased capital spend and a reduction in reserve balances, new loans of £140m with an average rate of interest of 4.98% were undertaken. The Council maintained an average balance of £35.66m of internally managed funds. The internally managed funds earned an average rate of return of 4.97%.

Pensions

The Council is a member of, and the administering authority for, the West Yorkshire Pension Fund (WYPF). There is a net pensions liabilities of £58.890m (£54.074m net liability in 2022-23) in teachers' discretionary pension scheme, and a net pension asset of £107.092m in LGF schemes (£30.973m in 2022-23). The increase in the net pensions asset has been primarily caused by actuarial gains on the present value of the defined benefit obligation due to large improvement in financial assumptions, and remeasurement gains on the fair value of assets. Further details can be found in Note 18, Defined Benefit Pension Schemes. Whilst there is an net pensions liability, it should be remembered that:

- It is not an immediate deficit that needs to be met now. The sum is the current assessment taking a long-term view of the future liabilities for existing pensioners and current employees who are accruing pension entitlement.
- It is not a situation unique to Bradford or Local Authorities generally. Pension funds in both public and private sectors are similarly in a net liability situation.
- The West Yorkshire Pension Fund is regularly reviewed, and provision has been made for additional contribution to address the deficit over a period of years.
- Employee contribution rates may change as may the method of calculating accrued benefits and, therefore, liabilities.

The net pension asset or liability is matched by an appropriate accounting entry under Reserves.

External Audit Backlog

There is a significant national backlog in the audit of local authority accounts. In February 2024 the Government launched a consultation on their proposal to clear the backlog. This outlined measures to reset the system through the implementation of a backstop date, now it has been set on 13 December 2024 to publish all outstanding years up to and including 2022-23. If audits are not completed by this deadline modified opinions will be issued (qualified or disclaimers). Bradford council is up to date with the publication of its accounts and audits are completed with the latest 2022-23 statements of accounts.

Council and Group

Group accounts provide an overview of organisations subject to Council control. In 2023-24 it includes:

- Bradford Live – the company involves the restoration and repurposing of the former Odeon building as a modern live events and conference facility, and is a key part of the Council's plans for the regeneration of the City Centre area.

Explanation of Accounting Statement

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position as at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

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

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

- **Balance Sheet**
  This sheet shows the value at the "Balance Sheet" date of the assets and liabilities recognised by the Council.

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

- **Housing Revenue Account**
  This Account summarises the income and expenditure in respect of the provision of local Council housing accommodation. Councils' are required by statute to account separately for all transactions relating to the cost of providing such accommodation.

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

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

The Group Accounts
The Council has identified two material interests in subsidiaries. The Council's single entity financial statements are combined with the assets and liabilities of group companies and similar entities, which the Council either controls or significantly influences.

The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.

A Glossary of Terms used in relation to local authority finance and referred to within these accounts, is included at the end of the document.

The Annual Governance Statement

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

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” and other reserves. The closing 31 March 2024 General Fund Balance of £86.7m comprises £39.6m (£22m in 2022-23) balances generally available to the Council and £47.1m (£50.648m in 2022-23) cash balances held on behalf of schools under the Local Management Scheme.

The statement shows how the movement in the authority’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 General Fund Reserves	HRA Reserve	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves**	Total Unusable Reserves	**Total Council Reserves**
	Note 4	Note 4			Note 4	Note 4	Note 5 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet
	£000	£000			£000	£000	£000	£000	£000
Balance at 31 March 2022	**68,921**	**208,731**			**159**	**60,302**	**338,113**	**(520,348)**	**(182,236)**
Movement in reserves during 2022-23									
Surplus/ (deficit) on provision of services (CIES)	(187,945)	-			-	-	(187,945)	-	(187,945)
Other Comprehensive Income and Expenditure (CIES)	-	-			-	-	-	903,683	903,683
Total Comprehensive Income and Expenditure	**(187,945)**	**-**			**-**	**-**	**(187,945)**	**903,683**	**715,738**
Adjustments between accounting basis & funding basis under regulations (note 4)	81,406	-			416	(1,561)	80,261	(80,261)	-
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**(106,540)**	**-**			**416**	**(1,561)**	(107,685)	823,422	715,738
Transfers to/from Earmarked Reserves (Note 5)	110,268	(110,268)				-	-		-
Increase/Decrease(-) in 2022-23	**3,728**	**(110,268)**			**416**	**(1,561)**	(107,685)	**823,422**	715,738
Balance at 31 March 2023	**72,649**	**98,463**	**-**	**-**	**575**	**58,741**	**230,427**	**303,074**	**533,501**
Movement in reserves during 2023-24									
Surplus/ (deficit) on provision of services (CIES)	(191,825)		4,603		-	-	(187,222)	-	(187,222)
Other Comprehensive Income and Expenditure (CIES)					-	-	-	74,502	74,502
Total Comprehensive Income and Expenditure	**(191,825)**	**-**	**4,603**	**-**	**-**	**-**	(187,222)	**74,502**	**(112,720)**
Adjustments between accounting basis & funding basis under regulations (note 4)	81,532		(4,286)	331	104	19,125	96,806	(96,806)	**-**
Capitalisation Direction	80,000						80,000	(80,000)	**-**
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**(30,293)**	**-**	**317**	**331**	**104**	**19,125**	**(10,416)**	**(102,304)**	**(112,720)**
Transfers to/from Earmarked Reserves (Note 5)	47,935	(48,438)	503	-	-	-	-	-	**-**
Increase/Decrease(-) in 2023-24	17,642	(48,438)	820	331	104	19,125	(10,416)	(102,304)	**(112,720)**
Balance at 31 March 2024	**90,291**	**50,025**	**820**	**331**	**679**	**77,866**	**220,012**	**200,771**	**420,782**

The HRA was established in 2023-24 therefore there are no prior year comparative amounts.

Comprehensive Income and Expenditure Statement

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

2022-23 Gross Expenditure	2022-23 Gross Income	2022-23 Net Expenditure		2023-24 Gross Expenditure	2023-24 Gross Income	2023-24 Net Expenditure	Note
£000	£000	£000		£000	£000	£000	
295,495	(142,679)	152,817	Health and Wellbeing	265,644	(100,730)	164,914	7
607,700	(397,997)	209,702	Children's Services	662,730	(383,376)	279,354	7
213,412	(67,189)	146,223	Department of Place	**247,412**	(82,698)	164,714	7
5,431	(490)	4,941	Chief Executive	62,531	(56,840)	5,691	7
201,532	(131,773)	69,759	Corporate	**209,737**	(149,897)	59,840	7
8,851	(5,482)	3,369	Non Service Budgets	15,986	(699)	15,287	7
27,846	(40,861)	(13,015)	Central Budgets	36,531	(60,129)	(23,598)	7
-	-	-	Housing Revenue Account	1,614	(2,579)	(965)	
1,360,267	(786,470)	**573,796**	**Cost of services**	1,502,185	(836,948)	**665,237**	
		53,010	Other Operating Expenditure			35,487	8a
		58,139	Financing and Investment income and expenditure			54,858	8b
		(497,000)	Taxation and non-specific grant income			(568,360)	8d
		187,945	**Surplus (-) /Deficit on Provision of Services**			**187,222**	
		(17,504)	Surplus (-)/Deficit on revaluation of non current assets			5,577	21a
			Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income			(183)	
		(886,179)	Re-measurements of the net defined benefit liability			(79,896)	21d
		(903,683)	**Other Comprehensive Income and Expenditure**			**(74,502)**	
		(715,738)	**Total Comprehensive Income and Expenditure**			**112,720**	

Balance Sheet

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

2022-23 £000		2023-24 £000	Note
1,006,132	Property, Plant and Equipment	970,954	9
38,986	Heritage Assets	38,986	11
51,341	Investment Property	33,765	12
295	Intangible assets	1,157	
3,475	Long term investments	3,659	13
15,892	Long term debtors	31,479	14
30,973	Defined Benefit Pension Assets	107,092	18
1,147,093	**Long Term Assets**	**1,187,091**	
-	Short Term Investments	-	15
593	Assets Held for sale	434	
4,845	Inventories	4,337	
152,527	Short Term Debtors	165,858	15
64,922	Cash and Cash Equivalents	38,983	15
222,886	**Current assets**	**209,612**	
(5,819)	Cash and Cash Equivalents (Overdraft)	-	15
(62,642)	Short term borrowing	(86,175)	35
(140,859)	Short Term Creditors	(154,910)	15
(7,745)	Provisions	(8,194)	16
(217,065)	**Current Liabilities**	**(249,279)**	
(3,630)	Provisions	(3,129)	16
(408,149)	Long term borrowing	(528,640)	35
(58,890)	Pension Liabilities	(54,075)	18; 30
(132,834)	PFI & Other Long Term liabilities	(123,767)	19; 30
(15,908)	Capital Grants Receipts in Advance	(17,032)	20
(619,411)	**Long Term Liabilities**	**(726,643)**	
533,502	**Net Asset / (Liabilities)**	**420,782**	
(230,427)	Usable Reserves	(220,012)	5
(303,075)	Unusable Reserves	(200,771)	21
(533,502)	**Total Reserves**	**(420,782)**	

Cash Flow Statement

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

2022-23 £000		**2023-24 £000**
(187,945)	Net surplus or (deficit) on the provision of services (Comprehensive Income and Expenditure Statement page 22)	(187,222)
88,347	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	138,945
(73,269)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	(117,266)
(172,868)	**Net cash flows from Operating Activities**	**(165,543)**
17,296	Investing Activities (Note 22 b)	9,815
101,510	Financing Activities (Note 22 c)	135,608
(54,061)	**Net (increase) or decrease in cash and cash equivalents**	**(20,120)**
	Balance Sheet Movement	
113,164	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 23: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	59,103
59,103	Cash and cash equivalents at the end of the reporting period (Note 15) (Balance Sheet: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	38,983
(54,061)	**Net increase or (decrease) in cash and cash equivalents**	**(20,120)**

Note 1. Statement of Significant Accounting Policies

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 2023-24 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued by government. 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 accounts have been prepared on a going concern basis, under the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

i. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when 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.

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

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Expenditure on rent allowances is accounted for on an annual cash paid basis.
- A deminimis of £1,000 has been set for the 2023-24 year. Service such as schools may be in exception of these. The Council only manually accrues for debtors and creditors greater than £1,000.

ii. Cash and Cash equivalents

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

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

iii. Exceptional Items

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

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

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Charges to Revenue for Non – Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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, in accordance with the Prudential Code. This requires that the Council sets the annual contribution at a prudent level, so that the contribution pays broadly for the benefit in each year of the capital expenditure in proportion to the overall borrowing required. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP (Minimum Revenue Provision) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 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. An accrual is made using appropriate sampling techniques for the estimated cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to

the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged out to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

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

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

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 it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The 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 Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included

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

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond. The discount rate adopted by the Actuary is based on a weighted average of "spot yield" on AA rated corporate bonds.
- The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet (netted from the overall pension liability) at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

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

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

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

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

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

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

Local Government Pension Scheme members retiring on or after 6 April 2006 can elect to take a higher lump sum in exchange for a lower retirement benefit. The commutation terms mean that it is less costly for the scheme to provide the lump sum than the pension, as more members take up this option, employers' pension costs are reduced. At its inception it was assumed that 50% of members will take up the option to increase their lump sum to the maximum available. However, the 2023-24 figures are based on the assumption that each member surrenders pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.

Teachers' Pensions

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

Discretionary Benefits

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

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest

for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised costs are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive

Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held

by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

For loans made at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

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

Financial Assets Measured at Fair Value through Profit of Loss

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

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

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

ix. Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital

Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

x. 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.

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

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

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

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.

xi. Interests in Companies and Other Entities

The Council has 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.

xii. 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.

xiii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but valuations are assessed annually to ensure they reflect market conditions at year end. Gains and

losses on revaluation are posted to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

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

xiv. Joint Arrangements

Joint arrangements are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation. In 2023-24, there is no joint arrangement in operation by the Council.

xv. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received).

- finance charge (debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement).

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

The written off value of disposals is not a charge against Council Tax, as the cost of 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.

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.

xvi. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its 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:

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

asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end, but as a minimum every five years. Increases in valuations are matched by credits to the

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

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

Component Accounting

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

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

- When new assets are acquired, separate components with value over 20%, are recognised on initial recognition. This is best assessed when the asset is first acquired.

- Where an asset is enhanced, separate components (over 20% of total value) have been recognised. These components will not just relate to the enhancement work, but to existing components as well.

Impairment

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

Where impairment losses are identified, the accounting treatment is:

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

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

Depreciation

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

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer, up to 60 years.
- Vehicles, plant, furniture and equipment –depreciated over 3 to 25 years as appropriate.
- Surplus Assets – straight-line allocation over the useful life of the property as estimated by the valuer.
- PFI – straight-line allocation over the useful life of the property as estimated by the valuer.

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

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

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

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.

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.

<u>Recognition</u>
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. Depreciation 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.

xvii. Private Finance Initiative (PFI) and Similar Contracts

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

xviii. Provisions, Contingent Liabilities and Contingent Assets Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

xix.Reserves

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

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

xxi Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

xxii. Value Added Tax (VAT)

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

xxiii. 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.

xxiv. 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.

xxv. Fair value measurement

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

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

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

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

categorised within the fair value hierarchy, as follows:

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

Note 2. Prior Period Adjustments

There were no prior period adjustments in 2023-24.

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

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 24/25:

- IFRS 16 Leasing

  From 1st April 2024, accounting standard IFRS 16 Leases will be replacing the previous lease accounting standards and introduces an accounting model based on 'right of use' assets on the Balance Sheet for all leases where the Council is the lessee (except where short-term or low value) with a corresponding liability, measuring the value of the right of use over the remaining term. As right of use assets will be accounted for under capital requirements this will increase the Capital Financing Requirement.

  When rentals are paid, they will be applied partly to write down the liability (as part of the minimum revenue provision charge in the Movement in Reserves Statement) and partly charged as interest (charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement - CIES) on the outstanding liability. There is no cash impact on the Council as the rental payable remains the same – it is purely the allocation of the elements of the rental changes by removing the rental which was previously a charge to the cost of services in the CIES.

  The usage of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. As depreciation charges are not a "proper" charge to council tax, depreciation is transferred out of the General Fund to the Capital Adjustment Account under statutory override.

  The main impact of IFRS 16 Leases for the Council is expected to be where the Council is the lessee and currently holds Operating leases under IAS 17 which are treated as operating expense. These lease transactions will become capital assets on the balance sheet, and this will in turn increase the Council's Capital Financing Requirement.

  In addition, the allocation of the unitary charges payable for Private Finance Initiative (PFI) schemes is also in scope of the changes brought in by IFRS 16. Where unitary charges are subject to indexation (such as with inflation) the underlying liability is subject to remeasurement, which can result in a gain/loss reflected in the CIES, but also will increase the amount charged to reduce the liability (i.e. the principal element which forms part of the Council's overall MRP charge) and will increase the interest on the liability, but this will offset by a reduction in service charge element charged to the cost of services. Thus there is no cash impact on the Council – this is purely a re-allocation of the elements of the unitary charge.

The impact of the IFRS16 leases on the accounts has not yet been determined.

- IFRS 16 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022 clarifies the measurement of the lease liability in a sale and leaseback scenario. This clarification is not anticipated to materially impact on the Council's financial statements.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in October 2022. Further classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. This clarification is not anticipated to materially impact on the Council's financial statements.
- Non-current liabilities with covenants (Amendments to IAS 1) issued in October 2022 - this applies where an entity has the right to defer settlement for at least 12 months subject to compliance with covenants. This clarification is not anticipated to materially impact on the Council's financial statements.
- International Tax Reform: Pillar Two Model Rules which applies to multinational groups. This does not affect the Council is it does not fall within scope.

Critical Judgements in applying Accounting Policies

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

Capitalised expenditure

On 27 February 2024 the Secretary of State for Levelling Up, Housing and Communities wrote to the Council that he was "minded to" approve a capitalisation direction of a total not exceeding £220m, comprising £80 million for 2023/24 and £140 million for 2024/25. 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 three conditions which the formal capitalisation direction would include, and set out that issuance of 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 government website on 29 February 2024.

The 2023/24 Statement of Accounts include the capitalisation of £80m 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 £80 million of expenditure in line with the Secretary of State's letter of 27 February 2024:

(i) 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;

(ii) The Council has produced a Finance Improvement Plan and a Council-wide Improvement Plan in 2024/25, both of which continue to be enhanced and developed as they are being implemented and monitored. Both plans are focussed on delivering the Council's key objectives, securing the medium-term financial position and improving service performance while reducing expenditure, with clear milestones for progress monitoring over the next 12 months and beyond;

(iii) The Council's Chief Executive and Director of Finance meet at least monthly with MHCLG officers to appraise them of progress against the Improvement Plans and other matters, and thus provide assurance of improvement as set out in the Best Value Notice;

(iv) The Council has fostered effective working relationships with the Bradford Children and Families Trust. The strength of the relationship between the Council and the Trust has been confirmed by the Department for Education appointed commissioner for the Trust and the Independent Improvement Panel required by MHCLG. This effective relationship was confirmed by the most recent half-yearly report from the Independent Improvement Panel dated January 2025

In addition, the Council considers that it has met the conditions set out in the Secretary of State's letter of 27 February 2024 and confirms that:

(v) the expenditure capitalised in the 2023/24 financial statements was solely incurred in 2023/24 in line with the Secretary of State's 27 February 2024 letter;

(vi) the Council will apply Minimum Revenue Provision (MRP) from 2024/25 in line with the 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;

(vii) the Council did not need to borrow to fund the capitalised expenditure during 2023/24. However, during 2024/25, the Council has borrowed to fund the capitalised expenditure. As the condition in the Secretary of State's letter requires, the Council has only borrowed from the Public Works Loans Board.

The Council also concludes that it has complied with the contingent requirement to confirm the final amount of support identified by including the £80 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 27 February 2024, 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 £80 million of expenditure as a result.

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 (47 in total). All other schools (7) 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, only the interest in Bradford Live is material in aggregate and thus warrant consolidation into the Council's Group Accounts.

In 2023/24 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 at the point of transfer 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 18 and in accordance with IAS 19 and Chapter 6.4 of the Code.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The Council's external valuer provide valuations as at 31 March based on a 5-year rolling programme of valuations. As at 31 March 2024, the total value of Property, Plant and Equipment assets held at valuation is £538m, of which 65% has been revalued in 2023/24. The valuations are undertaken by qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) professional standards. 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.	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. A variation of 10% in the value of the council's land and buildings would be approximately £47.2 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. 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.
Pensions Liability	The Council had a net pension asset of £53.017m at 31 March 2024. 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.	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 £39.260m – a decrease from £2,492.9m to £2,414.4m.

Note 4. Adjustments between accounting basis and funding basis under Regulations 2023-24

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

2022-23					2023-24					
Useable Reserves				Useable Reserves	Useable Reserves					
General Fund Balance	Capital Receipts & Deferred Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	**Adjustment between Accounting Basis and Funding Basis Under Regulation**	General Fund Balance	Housing Revenue Account	Capital Receipts & Deferred Capital Receipts Reserve	Major Repair Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000		£000		£000		£000	£000
				Adjustments primarily involving the Capital Adjustment Account:						
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
38,428	-	-	(38,428)	Charges for depreciation and impairment of non current assets	38,855	331	-		-	(39,186)
2,096	-	-	(2,096)	Revaluation losses on property, plant and equipment	76,495		-		-	(76,495)
703	-	-	(703)	Movements in the market value of Investment Properties	17,104		-		-	(17,104)
111	-	-	(111)	Amortisation of intangible assets	72		-		-	(72)
(49,421)	-	-	49,421	Capital grants and contributions applied	(81,893)	(4,131)	-		-	86,024
26,581	-	-	(26,581)	Revenue expenditure funded from capital under statute (REFCUS)	39,374		-		7,596	(46,970)
54,415	-	-	(54,415)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	36,015	(44)	-		-	(35,971)
				Long term debtor loan impairement allowance	7,900					(7,900)
			-	**Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:**						
(20,297)	-	-	20,297	Statutory provision for the financing of capital investment	(21,110)		-		-	21,110
(4,774)			4,774	Capital expenditure charged against the General Fund and HRA Balances	(5,407)	(111)				5,518
				Exceptional Financial Support Capitalisation Direction	80,000					(80,000)
				Adjustments primarily involving the Capital Grants Unapplied Account:						
(19,565)	-	19,565	-	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(19,125)		-		19,125	-
-	-	(21,126)	21,126	Application of grants to capital financing transferred to the Capital Adjustment Account			-		(7,596)	7,596
				Adjustments primarily involving the Capital Receipts Reserve						
(4,284)	4,744	-	(460)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,537)		4,537		-	-
	(1,325)	-	1,325	Use of the Capital Receipts Reserve to finance new capital expenditure			(15)		-	15
3,003	(3,003)	-	-	Used for debt repayment/Flexible use	4,418		(4,418)		-	-
				Adjustment primarily involving the Major Repairs Reserve						
				Reversal of Major Repairs Allowance credited to the HRA		(331)		331		
-	-	-	-	Use of the Major Repairs Reserve to finance new capital expenditure					-	-
				Adjustments primarily involving the Deferred Capital Receipts Reserve:						
				Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-					
-	-	-	-	Other adjustment	31		-		-	(31)
				Adjustments primarily involving the Financial Instruments Adjustment Account:						
(277)	-	-	277	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(278)		-		-	278
				Adjustments primarily involving the Pensions Reserve:						
129,667	-	-	(129,667)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	54,165		-		-	(54,165)
(52,697)	-	-	52,697	Employer's pensions contributions and direct payments to pensioners payable in the year:	(55,203)		-		-	55,203
				Adjustments primarily involving the Collection Fund Adjustment Account:						
(20,111)	-	-	20,111	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(3,613)		-		-	3,613
				Adjustment primarily involving the Accumulated Absences Account:						
(2,173)	-	-	2,173	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(1,732)		-		-	1,732
81,406	**416**	**(1,561)**	**(80,261)**	**Total Adjustments between accounting basis & funding basis under regulations**	**161,532**	**(4,286)**	**104**	**331**	**19,125**	**(176,806)**

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2022	Transfers Out	Transfers In	Balance at 31 March 2023	Transfers Out	Transfers In	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
General Fund							
General Fund Reserve	22,348	(347)	-	22,001	(2,471)	20,112	39,642
A. Total General Fund Balance	**22,348**	**(347)**	**-**	**22,001**	**(2,471)**	**20,112**	**39,642**
Major Repair Reserve	**-**	**-**	**-**	-		331	**331**
HRA Reserve	**-**	**-**	**-**	**-**	**-**	820	**820**
B. Total Housing Revenue Fund Balance	**-**	**-**	**-**	**-**	**-**	**1,151**	**1,151**
Earmarked Reserves							
Schools Delegated Balances	45,555	-	4,165	49,720	(2,623)	-	47,097
Held by Council – Schools	845	-	70	915	(915)	-	-
LA Admission Appeals Reserve	173	(160)	-	13	(13)	-	-
Total Dedicated School Reserves	**46,573**	**(160)**	**4,235**	**50,648**	**(3,551)**	**-**	**47,097**
Reserves available to support future budget decisions	**10,700**	**(10,700)**	-	0	-	0	**0**
Transitional and Risk	8,135	(8,135)	-	-	-	-	-
Exempt VAT	3,000	(3,000)	-	-			
Producer City Initiative	157	(157)	-	0	-	-	0
PFI - Contracts	490	-	-	490	(490)	-	-
Employment Opportunities Fund	746	-	-	746	(463)	-	283
Insurance Risk	4	(4)	-	-	-	-	-
Regional Growth Fund	3,611	(2,023)	-	1,588	(1,588)	-	-
Regional Revolving Investment Fund	625	(625)	-	-	-	-	-
Discretionary Social Fund	1,226	(770)	-	456	-	-	456
Dilapidation & Demolition	1,377	(965)	-	412	(89)	-	323
Strategic Site Assembly & Develop	309	(309)	-	0	-	-	0
Redundancy Reserve	3,748	(2,703)	-	1,045	(470)	-	575
Implementation Reserve	1,504	(12)	12	1,504	(1,504)	-	-
NDR Volatility Reserve	1,378	(1,378)	-	-	-	-	-
Leeds City Region WYTF	421	(421)	-	0	-	-	0
Leeds City Region Economic Development	402		1,005	1,407	(200)	86	1,293
Finance Works Reserve	154		-	154	(154)	-	-
Markets Compensation	802	(312)	400	890	(640)	-	250
Financing Reserve 2019/20	1,000	(1,000)	-	-	-	-	-
ICT Programmes Budget	475	(475)	-	-	-	-	-
Children Services Investment Fund	-				-	-	-
S31 Business Rate Grants & TIG Reserve	19,180	(19,180)	2,600	2,600	-	-	2,600
Covid 19 funding allocation Reserve	-			-	-	-	-
Project Feasibility Reserve	1,744	(160)	20	1,604	(1,604)	-	-
Indexation Pressures Reserves	136	(136)	-	-	-	-	-
Social Care Pressures Reserve	-	(10,024)	10,024	-	-	-	-
CT Hardship Reserves	-	-	-	-	-	-	-
Financing Reserve	52,573	(30,202)	6	22,377	(22,536)	159	-
	103,197	**(81,991)**	**14,067**	**35,273**	**(29,738)**	**245**	**5,780**
Reserves for capital investment							
Markets	41	(41)	-	-		-	-
IT Renewals and Replacement	-	(1,032)	1,475	443			443
Renewal and Replacement	5,115	(5,115)	-	-		-	-
	5,156	**(6,188)**	**1,475**	**443**	**-**	**-**	**443**
Service Earmarked Reserves							
PFI - BSF Unitary Charge	16,392	(395)	-	15,997	(15,997)	1,560	1,560
Integrated Health and Social Care	15,737	(15,737)	8,152	8,152	(6,545)	241	1,848
Community Support and Innovation Fund	279	(279)	-	-			-
Other	36,819	(26,934)	11,312	21,197	(6,642)	13,890	28,445
	69,227	**(43,345)**	**19,464**	**45,346**	**(29,184)**	**15,691**	**31,853**
Revenue Grant Reserves	**20,451**	**(7,972)**	**4,922**	**17,401**	**(6,524)**	**4,623**	**15,500**
C Total Earmarked Reserves	**255,304**	**(150,356)**	**44,163**	**149,111**	**(68,997)**	**20,559**	**100,673**
D Capital Grants Unapplied	60,302	(1,561)	-	58,741		19,125	77,866
E Capital Receipts Reserve	159		415	574		105	679
F Total Other Usable Reserves	**60,461**	**(1,561)**	**415**	**59,315**	**-**	**19,230**	**78,545**
Total Usable Reserves	**338,113**	**(152,264)**	**44,578**	**230,427**	**(71,468)**	**61,052**	**220,012**

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

a) General Fund Balance (£86.7m)

A net £86.740m balance has been carried forward to 2023-24 (£72.649m at 31 March 2023). This includes £47.097m carried forward for schools under delegated budgets.

b) HRA Reserves (£1.1m)

2023-24 is the first year of establishment of the Housing Revenue Fund in the Council. The total includes HRA reserve of £820k and £331k Major Repair reserve (£nil in 2022-23).

c) Earmarked Reserves (£53.5m)

In 2023-24 the overall level of earmarked reserves decreased by a net £44.9m from £98.4m at 31 March 2023 to £53.5m at 31 March 2024, of which partially to fund the demand led overspends.

d) Capital Grants Unapplied Reserve (£77.9m)

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

e) Capital Receipts Reserve (£0.7m)

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

Authorities are required to pay 75% of their housing capital receipts into a national pool. The Council was required to pay £nil to the pool in 2023-24 (£nil in 2022-23). The Council is required to make a corresponding transfer to the Capital Receipts Reserve to offset the contribution to the pool. This transfer is shown in the Statement of Movement on the General Fund Balance. The usable balance of housing receipts and all other capital receipts are held in the Capital Receipts Reserve until applied either to finance capital expenditure or to repay debt.

2022-23 £000	Capital Receipts Reserve	2023-24 £000
159	**Balance at 1 April**	**575**
	Usable receipts in the year	
4,284	Disposal of assets	4,537
460	Other capital receipts	-
(1,325)	Used to finance capital spending	(15)
(3,003)	Used for debt repayment and flexible use	(4,417)
575	**Balance at 31 March**	**679**

Whilst most capital receipts arise from the disposal of assets, other capital receipts may arise, mainly where the Council has given a loan or other assistance for capital purposes. No flexible use of capital receipts applied in 2023-24 (£4.4m in 2022-23).

Note 6. Post Balance Sheet Events

Since, 1 April 2024 two schools have transferred to Academy status. The school assets have an estimated value of £3.6m at 31 March 2024 and due to the completion of a 125 year lease they will be removed from the Balance Sheet in 2024-25.

The 2023-24 accounts were authorised for issue on the 26 February 2025, following approval from the Corporate Governance and Audit Committee on the 25 February 2025. This authorisation was given by the Chair Governance and Audit Committee Cllr Angela Tait and the Interim Director of Finance (S151 Officer) Steven Mair (page 2).

Note 7. Expenditure Funding Analysis and Subjective Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Council (i.e., government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. A more detailed breakdown of the adjustments between funding and accounting basis is shown on the note of the EFA below.

	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the GF and HRA balances £000
Health and Wellbeing	164,914	(3,311)	**161,604**
Children's Services	279,354	(49,202)	**230,152**
Department of Place	164,714	(88,387)	**76,328**
Chief Executive	5,691	(343)	**5,348**
Corporate Resources	59,840	(10,016)	**49,824**
Non Service Budgets	15,287	(7,829)	**7,458**
Central Budgets	(23,598)	(7,896)	**(31,495)**
Housing Revenue Account	(965)	(331)	**(1,296)**
Net Cost of Services	**665,237**	**(167,315)**	**497,922**
Other Operating Expenditure	35,487	(32,923)	**2,564**
Financing and Investment income and expenditure	54,858	(16,153)	**38,705**
Taxation and non-specific grant income	(568,360)	116,358	**(452,003)**
Flexible use of Capital Receipt	-	(4,417)	**(4,417)**
Statutory Provision for the financing of capital investment	-	21,079	**21,079**
Capital Expenditure charged against the General Fund	-	5,519	**5,519**
Financial Instruments Adjustment Account	-	278	**278**
Capitalisation Direction	-	(80,000)	**(80,000)**
Utilisation of Earmarked Reserves	-	-	**(48,438)**
Surplus (-)/Deficit on Provision of Services	**187,222**	**(157,577)**	**(18,793)**
GF and HRA Balances brought forward			22,001
GF and HRA Balances carried forward			40,794

2022-23 Expenditure Funding Analysis

	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
Health and Wellbeing	152,817	(12,118)	140,699
Children's Services	209,702	(35,370)	174,333
Department of Place	146,223	(58,310)	87,914
Chief Executive	4,941	(705)	4,236
Corporate Resources	69,759	(17,889)	51,870
Non Service Budgets	3,369	2,880	6,249
Central Budgets	(13,015)	3,471	(9,544)
Net Cost of Services	**573,796**	**(118,040)**	**455,756**
Other Operating Expenditure	53,010	(52,911)	99
Financing and Investment income and expenditure	58,139	(21,897)	36,242
Taxation and non-specific grant income	(497,000)	89,097	(407,902)
Flexible use of Capital Receipt	-	(2,978)	(2,978)
Statutory Provision for the financing of capital investment	-	20,297	20,297
Capital Expenditure charged against the General Fund	-	4,749	4,749
Financial Instruments Adjustment Account	-	277	277
Utilisation of Earmarked Reserves	-	-	(106,193)
Surplus (-)/Deficit on Provision of Services	**187,945**	**(81,406)**	**347**
General Fund Balance brought forward			22,348
General Fund Balance carried forward			22,001

Note to the 2023-24 Expenditure Funding Analysis

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other differences (Employee Accrual) £000	Other differences (Collection Fund & Financial Instruments) £000	Total adjustments £000
Adult Social Care	(1,516)	(1,422)	(372)	-	(3,311)
Childrens Services	(54,642)	2,772	2,669	-	(49,202)
Department of Place	(86,223)	(1,876)	(287)	-	(88,387)
Chief Executive	(2)	(278)	(64)	-	(343)
Corporate Resources	(8,594)	(1,250)	(172)	-	(10,016)
Non Service	(11,296)	3,468	(0)	-	(7,829)
Central Budget & Net Transfers to Reserves	(7,900)	-	4	-	(7,896)
Housing Revenue Account	(331)	-	-	-	(331)
Net Cost of Services	**(170,505)**	**1,414**	**1,776**	**-**	**(167,315)**
Other Operating Expenditure	(32,533)	(347)	(44)	-	(32,923)
Financing and Investment income and expenditure	(16,124)	(29)	-	-	(16,153)
Taxation and non-specific grant income	112,744	-	-	3,613	116,358
Flexible use of Capital Receipt	(4,417)	-	-	-	(4,417)
Minimum Revenue Provision	21,079	-	-	-	21,079
Direct Revenue Financing	5,519	-	-	-	5,519
Financial Instrument Adjustment Account	-	-	-	278	278
Capitalisation Direction	(80,000)	-	-	-	(80,000)
Total Adjustments between accounting basis & funding basis under regulations	**(164,238)**	**1,038**	**1,732**	**3,891**	**(157,577)**

Note to the 2022-23 Expenditure Funding Analysis

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other differences (Employee Accrual) £000	Other differences (Collection Fund & Financial Instruments) £000	Total adjustments £000
Health and Wellbeing	(2,107)	(10,254)	243	-	(12,118)
Childrens Services	(15,710)	(20,595)	935	-	(35,370)
Department of Place	(44,270)	(14,534)	494	-	(58,310)
Chief Executive	-	(738)	33	-	(705)
Corporate Resources	(9,213)	(9,026)	350	-	(17,889)
Non Service	(1)	2,881	0	-	2,880
Central Budget &Net Transfers to Reserves	3,475	-	(4)	-	3,471
Net Cost of Services	**(67,826)**	**(52,266)**	**2,053**	**-**	**(118,040)**
Other Operating Expenditure	(50,223)	(2,808)	120	-	(52,911)
Financing and Investment income and expenditure	-	(21,896)	-	-	(21,897)
Taxation and non-specific grant income	68,986	-	-	20,111	89,097
Flexible use of Capital Receipt	(2,978)	-	-	-	(2,978)
Minimum Revenue Provision	20,297	-	-	-	20,297
Direct Revenue Financing	4,749	-	-	-	4,749
Financial Instrument Adjustment Account	-	-	-	277	277
Total Adjustments between accounting basis & funding basis under regulations	**(26,996)**	**(76,970)**	**2,173**	**20,388**	**(81,406)**

Subjective Analysis

The Council's expenditure and income is analysed as follows:

2022/23 £000	Expenditure and Income Analysed by Nature	2023/24 £000
	Expenditure	
550,447	Employee Benefits	414,097
770,268	Other Service Expenses	968,423
40,495	Depreciation, amortisation, impairment	133,071
33,853	Interest Payments	39,546
21,896	Net Interest on the Pension Net defined benefit liability / (asset)	29
25,782	Precepts and Levies	26,059
50,131	(Gain) / Loss on the disposal of assets	31,434
1,492,873	**Total Expenditure**	**1,612,659**
	Income	
(171,883)	Fees, charges and other service Income	(195,606)
(2,182)	Interest and investment income	(2,226)
(319,225)	Income from council tax, non-domestic rates	(294,212)
(811,639)	Grants and Contributions	(933,393)
(1,304,928)	**Total Income**	**(1,425,438)**
187,945	**Surplus or Deficit on the Provision of Service**	**187,222**

Note 8. Analysis of the Comprehensive Income and Expenditure

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

a) Other Operating expenditure

2022-23 £000	Other Operating expenditure	2023-24 £000
2,879	Parish Council Precepts	3,073
50,131	Losses on the disposal of non-current assets	32,414
53,010	**Total**	**35,487**

b) Financing and Investment Income and Expenditure

2022-23 £000	Financing and Investment Income and Expenditure	2023-24 £000	Note
33,853	Interest payable and similar charges	39,546	8c
21,896	Net Interest on the Pension net defined benefit liability/(asset)	29	
(1,412)	Interest receivable and other income	(1,649)	
(801)	Income and expenditure in relation to investment properties and changes in their fair value	15,175	
(770)	Other investment income	(577)	
5,373	Net Deficit/surplus on Trading Accounts	2,334	
58,139	**Total**	**54,858**	

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

2022-23 £000	Interest Payable and Similar Charges	2023-24 £000
14,956	Public Works Loans Board	18,235
16,511	Interest on PFI and finance lease rentals	16,631
1,540	Lender Option Borrower Option (LOBO's)	1,549
201	Transferred debt	201
646	Interest on short term borrowing	2,929
33,854	**Total**	**39,546**

d) Taxation and Non-Specific Grant Income

2022-23 £000	Taxation and Non-Specific Grant Income	2023-24 £000	Note
(224,998)	Council Tax income	(238,297)	
(58,750)	Non domestic rates	(55,914)	
(144,266)	Non-ringfenced government grants (see below)	(161,404)	8e
(68,986)	Capital grants and contributions	(112,745)	
(497,000)	**Total**	**(568,360)**	

Revenue grants that do not relate to the delivery of a specific service are grouped together and shown as income in the Comprehensive Income and Expenditure Statement. In 2023-24 the Council received the following:

e) Government Grants

2022-23 £000	Government grants (not attributable to specific services)	2023-24 £000
(35,875)	Revenue Support Grant	(40,305)
(69,259)	Top Up Grant	(74,972)
(1,645)	Local Services Support Grant	(3,187)
(2,014)	New Homes Bonus Grant	(590)
(35,473)	Section 31 Grant, mainly relating to Business Rates and National Levy surplus	(42,350)
(144,266)	**Total**	**(161,404)**

Note 9. Property, Plant and Equipment: Movements on Balances

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture& Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	**Total Property, Plant & Equipment £000**	PFI Assets Included in Property Plant & Equipment £000
Cost or Valuation								
At 1 April 2023	**28,351**	**568,927**	**62,762**	**56,027**	**16,944**	**42,500**	**775,511**	**33,652**
Additions	4,667	12,210	13,361	404	755	30,358	**61,755**	673
Revaluation in the Rev. Reserve	-	(12,782)	-	754	859	-	**(11,169)**	-
Revaluation. in Surplus/Deficit on the Provision of Services	-	(90,064)	-	425	(403)	-	**(90,042)**	(4,423)
Derecognition – disposals	-	(35,185)	(3,319)	-	(159)	-	**(38,663)**	(10,340)
Derecognition - other	-	(901)	-	-	(430)	-	**(1,331)**	-
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	-	**-**	-
Reclassifications	-	40,946	-	-	-	(40,959)	**(13)**	-
Other movements in cost or valuation	-	-	-	-	-	-	**-**	-
At 31 March 2024	**33,018**	**483,151**	**72,804**	**57,610**	**17,566**	**31,899**	**696,048**	**19,562**
At 1 April 2023	**(1)**	**(15,774)**	**(34,427)**	**-**	**(492)**	**-**	**(50,694)**	**(733)**
Depreciation charge	(405)	(15,247)	(8,177)		(32)		**(23,861)**	(755)
Depreciation w/o Revaluation Reserve	59	5,590					**5,649**	-
Depreciation w/o to the Surplus/Deficit on the Provision of Services	15	13,513			34		**13,562**	1,094
Impairment losses/ (reversals) in the Revaluation Reserve							**-**	-
Impairment in Surplus/Deficit on the Provision of Services							**-**	-
Derecognition – disposals		1,231	3,278		32		**4,541**	394
Derecognition – other								-
Reclassifications – Other							**-**	-
Other movements in depreciation & impairment		118	-	-	9	-	**127**	-
At 31 March 2024	**(332)**	**(10,569)**	**(39,326)**	**-**	**(449)**	**-**	**(50,676)**	**-**
At 31 March 2023 – Net Book Value	28,350	553,153	28,335	**56,027**	**16,452**	42,500	**724,817**	**32,919**
At 31 March 2024 – Net Book Value	**32,686**	**472,582**	**33,478**	**57,610**	**17,117**	**31,899**	**645,372**	**19,562**

Comparator 2022-23

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture& Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	**Total Property, Plant & Equipment £000**	PFI Assets Included in Property Plant & Equipment £000
Cost or Valuation								
At 1 April 2022	**26,054**	**599,656**	**61,525**	**54,147**	**16,761**	**20,045**	**778,188**	**57,759**
Additions	34	30,866	9,872	165	774	31,790	**73,501**	750
Revaluation in the Rev. Reserve	-	15,279	-	2,350	(1,708)	-	**15,921**	
Revaluation. in Surplus/Deficit on the Provision of Services	762	(9,801)	-	(582)	(124)		**(9,745)**	
Derecognition – disposals	-	(54,053)	(8,635)	-	(97)		**(62,785)**	(24,857)
Derecognition - other			-				**-**	-
Assets reclassified (to)/ from Held for Sale	-	(1,828)	-	-	(1,310)		**(3,139)**	-
Reclassifications	1,501	5,239	-	(53)	2,648	(9,335)	**-**	-
Other movements in cost or valuation			-				**-**	-
At 31 March 2023	**28,351**	**585,357**	**62,761**	**56,027**	**16,944**	**42,500**	**791,941**	**33,652**
At 1 April 2022	**(1)**	**(25,574)**	**(35,728)**	**(1)**	**(599)**	**-**	**(61,903)**	**-**
Depreciation charge	(434)	(16,639)	(7,162)	(0)	(69)	-	**(24,304)**	(1,230)
Depreciation w/o Revaluation Reserve	-	1,392	-	0	1,776	-	**3,168**	-
Depreciation w/o to the Surplus/Deficit on the Provision of Services	434	4,202	-	1	89	-	**4,726**	-
Impairment losses/ (reversals) in the Revaluation Reserve			-	-		-	**-**	
Impairment in Surplus/Deficit on the Provision of Services			-	-		-	**-**	-
Derecognition – disposals		2,655	8,463	-	18	-	**11,136**	497
Derecognition – other		1,760	-	-	(1,707)	-	**53**	-
Reclassifications – Other			-	-		-	**-**	-
Other movements in depreciation & impairment			-	-		-	**-**	-
At 31 March 2023	**(1)**	**(32,204)**	**(34,427)**	**(0)**	**(492)**	**-**	**(67,124)**	**(733)**
At 31 March 2022 – Net Book Value	**26,053**	**574,082**	**25,797**	**54,146**	**16,162**	**20,045**	**716,285**	**57,759**
At 31 March 2023 – Net Book Value	**28,350**	**553,153**	**28,334**	**56,027**	**16,453**	**42,500**	**724,817**	**32,919**

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.

Note 9a. Infrastructure Assets

	2022-23 £000	**2023-24** £000
Net Book Value (modified historical cost) at 1st April	254,063	281,315
Additions	41,376	59,666
Depreciation	(14,124)	(15,399)
Net Book Value (modified historical cost) at 31st March	**281,315**	**325,582**

Note 9b. Net Book Value Property, Plant and Equipment (including infrastructure)

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

	2022-23 £000	**2023-24** £000
Infrastructure Assets	281,315	325,582
Other PPE Assets	724,817	645,372
	1,006,132	**970,954**

Note 9c. Capital commitment

Capital commitment has increased to £80.8m in 2023-24 from £77.9m in 2022-23 due to contract entered for large capital schemes such as Markets, Bereavement , Smart Street Lighting and works to Bradford Forster Square.

Note 10. Valuations

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

Assets reviewed were valued as at the 31st March 2024. 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.

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.

Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	4,647	15,941	33,478	465	325,582	20,474	31,899	432,486
Held at Valuation Value in:								
2018/19	-	442	-	98	-	24	-	564
2019/20	-	20,664	-	3,368	-	1,000	-	25,032
2020/21	-	17,966	-	2,930	-	617	-	21,513
2021/22	-	25,432	-	4,898	-	1,338	-	31,668
2022/23	28,039	24,141	-	3,296	-	29,852	-	85,328
2023/24	-	367,996	-	2,062	-	4,305	-	374,363
Total	**32,686**	**472,582**	**33,478**	**17,117**	**325,582**	**57,610**	**31,899**	**970,954**

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.

Fair value measurement of surplus assets

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

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

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

Note 11. Heritage Assets

	Museum collection	Civic regalia	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2022	35,803	1,732	113	37,648
Additions	-	-	-	-
Revaluation increases / (decreases) recognised in the revaluation reserve	1,005	333	-	1,338
At 31 March 2023	**36,808**	**2,065**	**113**	**38,986**
Cost or valuation				**-**
At 1 April 2023	**36,808**	**2,065**	**113**	**38,986**
Additions	-	-	-	-
Revaluation increases / (decreases) recognised in the revaluation reserve	-	-	-	-
At 31 March 2024	**36,808**	**2,065**	**113**	**38,986**

The Council held £38.986m heritage assets on its Balance Sheet as at 31 March 2024.

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

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

Museum Collection – items on the Balance Sheet

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

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

In 2012-13 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Christies. For those items reviewed by Christies they have been included on the Balance Sheet based on auction values (lower range). During 2023-24 there was a review of items in the museum collection by an external valuer.

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.

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.
- 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.

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

No significant heritage assets were disposed of in 2023-24 or 2022-23.

Note 12. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For example, the net gain of £0.949m (see below Analysis of Rental Income and Management Costs of Investments), add the increase of £0.066m on fair value (see below reconciliation of Movements on Investments), add the gain on disposal of £0.98m comprise the £1.995m (2.597m) charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 53.

2022-23 £000	Investment Property Income and Expenditure	2023-24 £000
(2,469)	Rental income from investment property	(2,249)
(87)	Other income (service and other charges)	(39)
(2,556)		(2,288)
	Direct operating expenses:	
442	Repairs & maintenance	635
609	Management expenses	704
(1,505)	**Net loss / (gain)**	**(949)**

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

2022-23 £000	Reconciliation of Movements on Investments	2023-24 £000
51,959	**Balance at 1 April**	**51,341**
86	Additions	-
-	Disposals	(485)
(704)	Net gains/losses(-) from fair value adjustments	(17,104)
	Transfers	
-	To/from Property, Plant and Equipment	13
51,341	**Balance at 31 March**	**33,765**

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 £0.1m are subject to a review annually whilst those less than £0.1m are subject to a full revaluation every 5 years as part of the rolling programme, and a desktop review is undertaken on the interim years.

Fair value

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

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

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

Highest and best use of investment properties

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

Note 13. Long Term Investment

The Council's long term investment at 31 March 2024 mainly comprise the £3.6m investment in the Regional Investment Fund (RIF) being accounted for in year (£3.4m in 2022-23).

Note 14. Long Term Debtors

These represent the value of long term advances granted by the Council. The balance owing on sale of assets on finance leases of £0.21m represents the principal element of the lease.

2022-23 £000	Analysis of Long Term Debtors	2023-24 £000
452	Car loans	475
202	Building Schools for the Future Ltd	191
842	Loans to organisations	14,970
4	Housing Advances	-
210	Balance owing on sale of assets on finance lease(s)	210
14,182	Other	15,633
15,892	**Total**	**31,479**

Note 15. Current Assets and Current Liabilities

Short term Debtors and Payments in Advance

2022-23 £000	Analysis of Debtors and Payments in Advance	2023-24 £000
	Amounts falling due within one year	
21,049	Central Government bodies	23,255
8,776	Other local authorities	25,501
24,252	NHS bodies	24,668
1	Public corporations and trading funds	-
113,617	Other entities and individuals	107,091
12,813	General payments in advance	16,078
180,508	**Total**	**196,593**
	Less impairments	
18,085	Collection Fund	19,399
9,895	Other	11,336
152,528	**Net Total**	**165,858**

The net debtors have increased from a total of £152.528m as at 31 March 2023 to £165.858m as at 31 March 2024, an increase of £13.330m. The "Other entities and individuals" receivable amount includes statutory debtors of £38.008m due for Council Tax and £5.457m due for NNDR in 2023-24 (£34.525m and £5.507m respectively in 2022-23). The £38.008m due for Council Tax and £5.457m due for NNDR have impairment allowances of £16.187m and £3.212m respectively in 2023-24 (£14.850m and £3.235m respectively in 2022-23).

Cash and Cash Equivalents

2022-23 £000	Cash and Cash Equivalents	2023-24 £000
99	Cash held by the Council	48
64,823	Bank accounts	38,935
64,922	**Total Cash and Cash Equivalents**	**38,983**
(5,819)	Cash and Cash Equivalents (Overdrawn)	-
59,103	**Total net Cash and Cash Equivalents** (see Cashflow statement)	**38,983**

Creditors and Receipts in Advance

2022-23 £000	Analysis of Creditors and Receipts in Advance	2023-24 £000
	Amounts falling due within one year	
(23,359)	Central Government bodies	(16,477)
(2,070)	Other local authorities	(2,523)
(2,387)	NHS bodies	(3,134)
(109)	Public corporations and trading funds	(0)
(82,809)	Other entities and individuals	(100,707)
(110,735)	**Total**	**(122,841)**
	Receipts in advance	
(23,569)	Sundry	(24,793)
(6,554)	Developer's contributions	(7,276)
(30,123)	**Total**	**(32,069)**
(140,858)	**Total Creditors and Receipts in Advance**	**(154,910)**

Note 16. Provisions

The provisions totals £11.323m at 31 March 2024 (£11.375m at 31 March 2023) are separated on the Balance Sheet into current and long term provisions. The current provisions are those expecting to be used in the next financial year, £8.194m at 31 March 2024 (£7.745m at 31 March 2023). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £3.129m at 31 March 2024 (£3.630m at 31 March 2023).

	Termination £000	Personal Search fees £000	MMI Scheme of Arrangement £000	Outstanding legal cases £000	Injury and Damage Compensation Claims £000	Business Rate Appeals £000	Other £000	**Total £000**
Balance at 31 March 2022	**150**	**93**	**561**	**3,139**	**2,208**	**7,577**	**-**	**13,728**
Additional/change in provisions made in 2022-23			19	931	2,159	(1,991)	2,000	**3,118**
Amounts used in 2022-23	(150)			(1,164)	(795)	(2,095)	-	**(4,204)**
Unused amounts reversed in 2022-23				(59)	(1,205)	-	-	**(1,264)**
Balance at 31 March 2023	**-**	**93**	**580**	**2,847**	**2,366**	**3,490**	**2,000**	**11,375**
Additional/change in provisions made in 2023-24				930	3,130	5,570	-	**9,630**
Amounts used in 2023-24				(1,386)	(1,194)	(2,638)	(2,000)	**(7,217)**
Unused amounts reversed in 2023-24			(6)	(246)	(2,213)	-	-	**(2,465)**
Balance at 31 March 2024	**-**	**93**	**574**	**2,144**	**2,090**	**6,423**	**-**	**11,323**
								-
Short-Term		93		787	891	6,423	-	**8,194**
Long-Term			574	1,357	1,198			**3,129**
Balance at 31 March 2024	-	93	574	2,144	2,089	6,423	-	**11,323**

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

Personal Search fees (£0.093m) – amount set aside for refund claims Personal Search companies have made from the Council. As the Council's and other authorities' charging policies were based on a statutory fee, the Council is able to reclaim any repayment from the government in due course.

MMI scheme of arrangement provision (£0.574m) – these amounts set aside to fund historic liabilities which were insured but are not fully funded by the insurance company.

Outstanding Legal Cases & Injury & Damage Compensation Claim Insurance provisions (£2.144m and £2.089m) – These provisions bear the risk of day to day losses as an alternative to providing insurance cover through external insurance companies. Losses over £250,000 are externally insured. The main areas provided for are:

2022-23 £000	Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)	2023-24 £000
75	Property	89
4,680	Liability	3,706
458	Motor	438
5,213	**Total**	**4,233**

Business Rates Appeals (£6.423m) – The provision reflects the estimate of the amount of Business Rates to be repaid to ratepayers, following any future successful appeals against rateable values.

Note 17. Pension Schemes Accounted for as Defined Contribution Schemes

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

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

The scheme had 12,357 participating employers in 2022-23, including 173 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 2024, the Council's own contributions equate to approximately 0.15%.

In 2023-24, the Council paid £14.710m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022-23 were £17.484m and 23.68%. There were contributions remaining payable at the year-end of £1.138m. The contributions due to be paid in the next financial year are estimated to be £17.816m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' Pension Scheme. These costs are accounted for on a defined benefit basis and detailed in Note 18.

The Council is not liable to the scheme for any other entities' obligations under the plan. A number of Council employees are also members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department for Health and Social Care (DoHSC). The Scheme provides the relevant employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

The scheme had 7,857 participating employers as at 31 March 2023, including 126 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 2024, the Council's own contributions equate to approximately 0.001%.

In 2023-24, the Council paid £0.270m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay, plus an additional £0.022m, representing 2.5% of pensionable pay. The figures for 2022-23 were £0.271m and 14.38%, plus an additional £0.022m and 2.5%. There were contributions remaining payable at the year-end of £0.022m. The contributions due to be paid in the next financial year are estimated to be £0.270m, plus an additional £0.022m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the NHS Pension Scheme. These costs are accounted for on a defined benefit basis and detailed in Note 26.

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

Note 18. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

a) The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2022 for the three years 1 April 2023 to 31 March 2026. 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 2023-24 in respect of Bradford members of the West Yorkshire Pension Fund was 16.8%.

b) Arrangements for the award of discretionary post-retirement benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets

built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

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

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 2024 resulting in a pension plan asset for the second consecutive year. IAS19 "Employee 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 2024 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

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

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
· Current service cost*	106,881	53,563	-	-	-	-	106,881	53,563
· Past service costs	890	573	-	-	-	-	890	573
· Gain (-) / loss from settlements	-	-	-	-	-	-	-	-
Financing and Investment Income and Expenditure								
· Net interest expense / income (-)	19,249	(4,036)	931	1,429	1,716	2,636	21,896	29
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	**127,020**	**50,100**	**931**	**1,429**	**1,716**	**2,636**	**129,667**	**54,165**
Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement								
Re-measurement of the net defined benefit liability comprising:								
· Return on plan assets (excluding the amount included in the net interest expense)	61,015	(62,237)	-	-	-	-	61,015	(62,237)
· Actuarial gains (-) and losses arising on changes in demographic assumptions	-	(39,285)	975	(818)	1,590	(1,468)	2,565	(41,571)
· Actuarial gains (-) and losses arising on changes in financial assumptions	(1,203,142)	(80,459)	(5,815)	(375)	(11,018)	(721)	(1,219,975)	(81,555)
· Actuarial gains (-) and losses due to liability experience	261,509	(2,369)	2,991	218	5,716	403	270,216	(1,748)
· Adjustment on loss (gain)due to restriction of surplus	-	107,215	-	-	-	-	-	107,215
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**(753,598)**	**(27,035)**	**(918)**	**454**	**(1,996)**	**850**	**(756,512)**	**(25,731)**
Movement in Reserves Statement								
· Reversal of net charges made to the Surplus or Deficit for the Provision of Service for post-employment retirement benefits in accordance with the Code	(127,020)	(50,100)	(931)	(1,429)	(1,716)	(2,636)	(129,667)	(54,165)
Actual amount charged against the General Fund balance for pensions in the year:								
· Employers' contributions payable to the scheme	44,359	46,298	-	-	-	-	44,359	46,298
· Retirement benefits payable to pensioners	-	-	3,047	3,240	5,291	5,665	8,338	8,905

* The current service cost includes an allowance for the administration expenses of £0.934m in 2023-24 (£0.932m in 2022-23).

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total Per Balance sheet - LGP Scheme Assets		Total Per Balance sheet Pension Liabilities	
	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000
Present value of the defined benefit obligation	(2,485,328)	(2,445,022)	(32,013)	(29,227)	(58,890)	(54,075)	(2,517,341)	(2,474,249)	(58,890)	(54,075)
Fair value of plan assets	2,548,314	2,688,556	-	-	-	-	2,548,314	2,688,556	-	-
Impact of Asset Ceiling - Unrecognised Asset	-	(107,215)	-	-	-	-	-	(107,215)	-	-
Impact of Minimum Funding Requirement / Asset Ceiling	-	-	-	-	-	-	-	-	-	-
Net Assets / (Liabilites) - at 31 March	**62,986**	**136,319**	**(32,013)**	**(29,227)**	**(58,890)**	**(54,075)**	**30,973**	**107,092**	**(58,890)**	**(54,075)**

The council's LGP scheme has a net pensions asset of £107.092m as at 31 March 2024, compared with £30.973m as at 31 March 2023. The primary reason for this was a increase in the value of pension fund assets as a result of better-than-expected performance from the pension fund's assets during the year. The current value of the pension liabilities showed a reduction because of improvement to the actuarial assumptions, in particular a small increase in the discount rate that is used for determining the current value of the future liabilities. The value of pension fund assets showed an increase as a result of better-than-expected performance from the pension fund's assets during the year.

Teachers discretionary benefit scheme has a net pension liability of £54.075m as at 31 March 2024 (£58.890m at 31 March 2023).

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

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000
Opening balance at 1 April	**2,582,173**	**2,548,314**	**-**	**-**	**-**	**-**	**2,582,173**	**2,548,314**
Interest income on assets	69,168	118,844	-	-	-	-	69,168	118,844
Re-measurement gains and losses (-) on assets	(61,015)	62,237	-	-	-	-	(61,015)	62,237
Contributions from employer	44,359	46,298	3,047	3,240	5,291	5,665	52,697	55,203
Contributions from employees into the scheme	16,113	17,157	-	-	-	-	16,113	17,157
Benefits paid*	(102,484)	(104,294)	(3,047)	(3,240)	(5,291)	(5,665)	(110,822)	(113,199)
Closing balance at 31 March	**2,548,314**	**2,688,556**	**-**	**-**	**-**	**-**	**2,548,314**	**2,688,556**

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

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

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Local Government Pension Scheme Discretionary Benefits		Unfunded Liabilities: Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000	2023-24 £000
Opening balance at 1 April	**3,317,144**	**2,485,328**	**35,978**	**32,013**	**66,177**	**58,890**	**3,419,299**	**2,576,231**
Current service cost	106,881	53,563	-	-	-	-	106,881	53,563
Interest cost	88,417	114,808	931	1,429	1,716	2,636	91,064	118,873
Contributions from scheme participants	16,113	17,157	-	-	-	-	16,113	17,157
Re-measurement gains (-) and losses:							-	-
Actuarial gains (-) and losses arising from changes in demographic assumptions	-	(39,285)	975	(818)	1,590	(1,468)	2,565	(41,571)
Actuarial gains (-) and losses arising from changes in financial assumptions	(1,203,142)	(80,459)	(5,815)	(375)	(11,018)	(721)	(1,219,975)	(81,555)
Actuarial gains (-) and losses due to liability experience	261,509	(2,369)	2,991	218	5,716	403	270,216	(1,748)
Past service costs	890	573	-	-	-	-	890	573
Benefits paid	(102,484)	(104,294)	(3,047)	(3,240)	(5,291)	(5,665)	(110,822)	(113,199)
Closing balance at 31 March	**2,485,328**	**2,445,022**	**32,013**	**29,227**	**58,890**	**54,075**	**2,576,231**	**2,528,324**

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

Active Members	35%
Deferred Pensioners	13%
Pensioners	52%

Local Government Pension Scheme Assets

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

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

Asset Category	31 March 2023 Total £000	31 March 2023 Total %	31 March 2024 Quoted £000	31 March 2024 Quoted %	31 March 2024 Unquoted £000	31 March 2024 Unquoted %	31 March 2024 Total £000	31 March 2024 Total %
Equity investments	2,059,038	80.8	1,734,119	64.5	389,841	14.5	2,123,960	79.0
Government bonds	175,834	6.9	231,217	8.6	-	-	231,217	8.6
Other bonds	117,222	4.6	112,919	4.2	-	-	112,919	4.2
Cash	58,611	2.3	-	-	107,542	4.0	107,542	4.0
Property	84,094	3.3	-	-	77,968	2.9	77,968	2.9
Other assets	53,515	2.1	-	-	34,951	1.3	34,951	1.3
Total	**2,548,314**	**100.0**	**2,078,255**	**77.3**	**610,302**	**22.7**	**2,688,557**	**100**

A more detailed breakdown of assets and associated risks are published in the accounts for the West Yorkshire Pension Fund, please refer to:

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

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Solutions UK Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Mortality Assumptions	years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	21.6	21.0	21.6	21.0	21.6	21.0
Women	24.6	24.2	24.6	24.2	24.6	24.2
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	22.9	22.3	-	-	-	-
Women	25.7	25.2	-	-	-	-
Commutation i.e. take-up of option to convert annual pension into retirement lump sum Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.						
Financial assumptions	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Rate of CPI Inflation	2.7	2.6	2.7	2.6	2.7	2.6
Rate of increase in salaries	3.95	3.85	-	-	-	-
Rate of increase in pensions	2.7	2.6	2.7	2.6	2.7	2.6
Pension accounts revaluation rate	2.7	2.6	-	-	-	-
Discount rate	4.7	4.8	4.7	4.8	4.7	4.8

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

Impact on the Defined Benefit Obligation in the Scheme

	Present Value of the Defined Benefit Obligation After Increase in Assumption	Change in Present Value of Defined Benefit Obligation	Present Value of Defined Obligation Benefit After Decrease in Assumption	Change in Present Value of Defined Benefit Obligation
	£000	%	£000	%
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,383,896	-2.5	2,508,593	2.6
Rate of increase in salaries - increase or decrease by 0.1%	2,449,912	0.2	2,440,132	-0.2
Rate of increase in pensions - increase or decrease by 0.1%	2,479,252	1.4	2,410,792	-1.4
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,405,902	-1.6	2,484,142	1.6

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

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 22 years from 1 April 2023. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 are £46.637m.

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 2025 are £3.457m and £6.045m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 16.2 years as at 31 March 2024 (16.5 years at 31 March 2023).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 7.0 years as at 31 March 2024 (7.0 years at 31 March 2023) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 7.1 years at 31 March 2024 (7.1 years at 31 March 2023).

Note 19. Private Finance Initiative

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.

2022-23 £000	BSF Private Financing Initiative	2023-24 £000
	Charges to Net Cost of Services	
6,569	Unitary Payments to the Contractor for services provided	7,350
6,569	**Total charges to the revenue account**	**7,350**
	Net Operating Expenditure	
4,778	Interest element of finance lease payments	4,693
	Movement in Reserves Statement	
2,851	Capital element of finance lease	3,230
14,198	**Total PFI charges**	**15,273**
	Financed By	
9,005	Government PFI Revenue Grant	9,005
5,146	Education	5,767
-	Council and Schools contribution	-
14,151	**Total Financing**	**14,772**
(47)	**Transfer to BSF PFI Reserve**	**(501)**

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

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2024 are as follows:

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	**£000**	**£000**	**£000**
Within 1 year	12,961	3,640	4,311	5,010
2-5	53,377	17,895	14,772	20,710
6-10	61,550	27,940	8,699	24,911
Total	**127,888**	**49,475**	**27,782**	**50,631**

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:

2022-23 £000	Analysis of Outstanding Liability for BSF Phase 1	2023-24 £000
55,556	**Balance outstanding at 31 March**	**52,705**
(2,851)	Payments during the year	(3,230)
52,705	**Balance outstanding at year end**	**49,475**

The closing value of assets held under the scheme at 31 March 2024 was £19.563m (£22.963m 31 March 2023) 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 2024 were £49.475m (£52.705m at 31 March 2023). The decrease of £3.23m is due to payments during the year.

BSF Phase 2

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

2022-23 £000	BSF Private Financing Initiative	2023-24 £000
	Charges to the Revenue Account	
11,228	Unitary Payments to the Contractor for services provided	12,142
11,228	**Total charges to the revenue account**	**12,142**
	Net Operating Expenditure	
11,721	Interest element of finance lease payments	11,859
	Statement of Movement on the General Fund Balance	
5,650	Capital element of finance lease	5,433
28,599	**Total PFI charges**	**29,434**
	Financed By	
18,297	Government PFI Revenue Grant	18,297
9,914	Education	10,380
-	Council and Schools contribution	-
28,211	**Total Financing**	**28,677**
(388)	**Transfer to BSF PFI Reserve**	**(757)**

The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2024 are as follows:

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	**£000**	**£000**	**£000**
Within 1 yr	26,997	5,202	10,251	11,544
2-5	110,996	24,952	40,323	45,721
6-10	146,112	34,184	42,951	68,977
11-15	59,589	15,088	14,467	30,034
Total	**343,694**	**79,426**	**107,992**	**156,276**

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

2022-23 £000	Analysis of Outstanding Liability for BSF Phase 2	2023-24 £000
90,509	**Balance outstanding at 31 March**	**84,859**
(5,650)	Payments during the year	5,433
-	Capital Expenditure incurred in the year	-
84,859	**Balance outstanding at year end**	**79,426**

The closing value of assets held under the scheme at 31 March 2024 was zero as all schools are now Academies (£9.956m 31 March 2023) 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 2024 were £79.426m (£84.859m 31 March 2023).

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 £19.563m, per Note 9 and the total liabilities are £128.901m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £106.01m. This reduces the Council's Net Assets as shown in its Balance Sheet, by £106.01m.

Note 20. Grant Income

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

The Council credited the following grants, and donations, to the Comprehensive Income and Expenditure Statement in 2023-24:

Grant Income	2022-23 £000	2023-24 £000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	275,864	262,003
Rent Allowance Subsidy	104,534	106,428
Public Health	43,873	45,306
Pupil Premium	14,517	13,265
PFI Revenue Support	27,301	27,301
Education and Schools	25,435	27,706
Disabled Facilities Grant	5,208	-
Social Care Support	24,312	39,805
NHS Adult Social Care	23,388	23,388
Independent Living Fund	8,170	12,331
DLUHC Services Grant	10,584	5,632
Household Support Fund	11,389	11,570
Other Grants under £5,000k	34,134	38,341
Total	**608,710**	**613,077**

Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	35,875	40,305
Top Up Grant	69,259	74,972
New Homes Bonus Grant	2,014	590
Small Business Rates and other Section 31 grants including National Levy surplus	35,473	42,350
Local Services Support Grant	1,645	3,187
Total	**144,266**	**161,404**

Capital Grants Receipts in Advance

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

Capital Grants Receipts in Advance	2022-23 £000	2023-24 £000
Developer's contributions	15,908	17,032
Total (See Balance Sheet)	**15,908**	**17,032**

Note 21. Unusable Reserves

2022-23 £000	Unusable Reserve	2023-24 £000	Note
185,323	Revaluation Reserve	173,841	21a
161,395	Capital Adjustment Account	(16,136)	21b
(4,855)	Financial Instruments Adjustment Account	(4,578)	21c
(27,917)	Pensions reserve	53,017	21d
258	Deferred capital receipts reserve	227	21e
311	Collection Fund Adjustment Account	3,924	21f
(11,440)	Accumulated Absences Account	(9,708)	21g
	Financial Instruments Revaluation Reserve	183	21h
303,074	**Total Unusable Reserves**	**200,771**	

a) Revaluation Reserve

The Revaluation Reserve is a reserve of changes to the measurable value of assets compared to the cost of acquiring them. In 2023-24, the Reserve has decreased from £185.323m to £173.841m, a decrease of £11.482m.

2022-23 £000	Revaluation Reserve	2023-24 £000
186,431	**Balance at 1 April**	**185,323**
28,587	Upward revaluation of assets	47,866
(11,083)	Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	(53,443)
17,505	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**5,577**
(5,047)	Difference between fair value depreciation and historical cost depreciation	(3,683)
(13,566)	Accumulated gains on assets sold or scrapped	(2,222)
(18,613)	**Amount written off to the Capital Adjustment Account**	**(5,905)**
185,323	**Balance at 31 March**	**173,841**

b) Capital Adjustment Account

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

2022-23 £000	Capital Adjustment Account	2023-24 £000
168,173	**Balance at 1 April**	**161,395**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
(38,428)	Charges for depreciation and impairment of non-current assets	(39,186)
(2,096)	Revaluation losses on Property, Plant and Equipment	(76,495)
(111)	Amortisation of Intangible Assets	(72)
(26,581)	Revenue expenditure funded from capital under statute (REFCUS)	(46,970)
(54,415)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(35,971)
18,613	Adjusting amounts written out of the Revaluation Reserve	5,905
	Long Term debt loan impairment allowance	(7,900)
-	Capitalisation Direction	(80,000)
	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year :	
1,325	Use of the Capital Receipts Reserve to finance new capital expenditure	15
44,738	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	81,474
21,126	Application of grants to capital financing from the Capital Grants Unapplied Account	7,596
4,683	Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	4,550
	Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	
20,297	Statutory provision for the financing of capital investment charged against the General Fund	21,110
4,774	Capital expenditure charged against the General Fund and Housing Revenue Account Balances	5,518
(703)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(17,104)
161,395	**Balance at 31 March**	**(16,136)**

c) Financial Instruments Adjustment Account

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

2022-23 £000	Financial Instruments Adjustment Account	2023-24 £000
(5,132)	**Balance at 1 April**	**(4,855)**
256	Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	256
21	Removal of Effective Interest Rate on stepped interest loans	21
277	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	**278**
(4,855)	**Balance at 31 March**	**(4,578)**

d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post- employment benefits and for funding benefits in accordance with statutory provisions. See Note 27 for full explanation.

2022-23 £000	Pensions Reserve	2023-24 £000
(837,126)	**Balance at 1 April**	**(27,917)**
886,179	Remeasurement of net defined benefit liability	79,896
(129,667)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(54,165)
52,697	Employer’s pensions contributions and direct payments to pensioners payable in the year	55,203
(27,917)	**Balance at 31 March**	**53,017**

e) Deferred Capital Receipts

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

2022-23 £000	Deferred Capital Receipts	2023-24 £000
718	**Balance at 1 April**	**258**
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	
(460)	Transfer to the Capital Receipts Reserve upon receipt of cash	
	Other Adjustment	(31)
258	**Balance at 31 March**	**227**

f) Collection Fund Adjustment Account

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

2022-23 £000	Collection Fund Adjustment Account	2023-24 £000
(19,800)	**Balance at 1 April**	**311**
20,111	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	3,613
311	**Balance at 31 March**	**3,924**

g) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, 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.

2022-23 £000	Accumulated Absences Account	2023-24 £000
(13,613)	**Balance at 1 April**	**(11,440)**
13,613	Settlement or cancellation of the accrual made at the end of the preceding year	11,440
(11,440)	Amounts accrued at the end of the current year	(9,708)
2,173	**Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements**.	**1,732**
(11,440)	**Balance at 31 March**	**(9,708)**

h) Financial Instrument 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.

2022-23 £000	Financial Instrument Revaluation Reserve	2023-24 £000
-	**Balance at 1 April**	**-**
-	Upward revaluation of financial assets	(183)
-	**Amount by which financial asset revaluation charged to the Comprehensive Income and Expenditure Statement**	**(183)**
-	**Balance at 31 March**	**(183)**

Note 22. Cash Flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

2022-23 £000	Operating activities	2023-24 £000
1,412	Interest Received	1,649
(33,118)	Interest paid	(37,381)
770	Dividends Received	577

b) Investing Activities

The cash flows for investing activities include the following items:

2022-23 £000	Investing Activities	2023-24 £000
(116,037)	Purchase of property, plant and equipment, investment property and intangible assets	(121,902)
(8,881)	Other payments for investing activities	(15,639)
4,742	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,522
88,614	Proceeds from short term and long term investments	-
48,857	Other receipts from investing activities	142,835
17,296	**Net cash flows from investing activities**	**9,815**

c) Financing Activities

The cash flows for financing activities include the following items:

2022-23 £000	Financing Activities	2023-24 £000
147,213	Cash receipts of short and long term borrowing	150,398
(8,844)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(8,896)
(53,341)	Repayments of short and long term borrowing	(8,670)
16,483	Other payments for financing activities	2,777
101,510	**Net cash flows from financing activities**	**135,608**

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

2022-23 £000	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow	2023-24 £000
(187,945)	**Net deficit (-) / surplus for year on the Comprehensive Income and Expenditure Account**	**(187,222)**
	Add back non cash items:	
38,428	Depreciation & impairment	39,147
2,096	Revaluation gains and losses	76,496
111	Amortisation	111
76,970	IAS19 Pension adjustments	(1,038)
	Donated Assets non-cash funding	
	Items on accruals basis:	
314	(Increase) / decrease in inventories	508
(28,456)	(Increase) / decrease in amounts due from Council (debtors)	(43,273)
(53,866)	Increase / (decrease) in amounts due to Council (creditors)	14,006
54,415	Carrying amount of disposals	35,956
(2,352)	Movement in provisions	52
686	Other non-cash items charged to the net surplus or deficit on the provision of services	16,980
88,347	**Removal of non-cash items included in Deficit/Surplus on Provision of services**	***138,945***
	Adjustments for items included in the net surplus or deficit on the Provision of services that are investing and financing activities	
(68,986)	Capital Grants credited to surplus or deficit on the provision of services	(112,744)
(4,283)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,522)
(73,269)	**Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities**	**(117,266)**
(172,867)	**Operating activities - net cash flow**	**(165,543)**

e) Reconciliation of Liabilities Arising from Financing Activities

2023-24

	2022-23	Financing cash flows	Changes which are not financing cash flows		2023-24
			Other Cash Flows	Other non cash changes	
	£000	**£000**	**£000**	**£000**	**£000**
Long-term borrowings	408,149	238	120,253		528,640
Short-term borrowings	62,642	21,370		2,163	86,175
Lease Liabilities	654	(232)		-	422
On balance sheet PFI Liabilities	137,565	(8,664)			128,901
Transferred debt	3,543	(130)		-	3,413
Amounts owed to/from Collection Fund preceptors	1,428	2,777			4,205
Total Liabilities from financing activities	**613,980**	**15,358**	**120,253**	**2,163**	**751,755**

2022-23

	2021-22	Financing cash flows	Changes which are not financing cash flows		2022-23
			Other Cash Flows	Other non cash changes	
	£000	£000	£000	£000	£000
Long-term borrowings	319,494	5,159	83,496	0	408,149
Short-term borrowings	56,560	5,349	(3,349)	4,082	62,642
Lease Liabilities	795	(343)	0	202	654
On balance sheet PFI Liabilities	146,066	(8,501)	0	0	137,565
Transferred debt	3,673	(130)	0	0	3,543
Amounts owed to/from					
Collection Fund preceptors	(15,055)	16,483	0	0	1,428
Total Liabilities from financing activities	**511,533**	**18,016**	**80,147**	**4,284**	**613,980**

Note 23. Pooled Budgets

Better Care Fund

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

The BCF agreement has been set up under Section 75 of the NHS Act 2006. The total BCF and iBCF in 2023-24 was £83.593m. It is a pooled budget with the NHS West Yorkshire Integrated Care Board (ICB).

Pooled Budgets Arrangements Under Section 31 of the Health Act 1999, and Section 75 of the Health Act 2006	2022-23 £000	2023-24 £000
Funding provided:		
Bradford & Airedale Community Equipment	1,652	1,745
Care Bill Implementation support	1,417	1,417
Protect Social Services	19,741	21,081
Reablement	1,558	1,558
Carers	960	960
Capital Funding	5,137	5,585
Local Authority Discharge Funding	-	3,279
Total LA Better Care Fund	**30,464**	**35,625**
ICB’s Better Care Fund	18,999	23,518
ice	23,388	23,388
Total Better Care Fund funding	**72,852**	**82,531**
Total expenditure	**73,319**	**83,593**
Balance to carry forward	**(467)**	**(1,062)**

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.

Note 24. Members' Allowances

The Council paid the following amounts to Members during the year.

Members Allowances	2022-23 £000	2023-24 £000
Basic Allowances	1,202	1,214
Special Responsibility Allowances	542	539
Expenses	2	2
Total	1,746	1,754

Note 25. Employees' Remuneration

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

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

Number of Employees 2022-23	Employees Emoluments	Number of Employees 2023-24
268	£50,000 > £55,000	332
138	£55,000 > £60,000	177
65	£60,000 > £65,000	95
38	£65,000 > £70,000	44
31	£70,000 > £75,000	28
36	£75,000 > £80,000	26
19	£80,000 > £85,000	30
16	£85,000 > £90,000	17
8	£90,000 > £95,000	11
3	£95,000 > £100,000	12
7	£100,000 > £105,000	1
1	£105,000 > £110,000	5
3	£110,000 > £115,000	1
0	£115,000 > £120,000	5
0	£120,000 > £125,000	0
0	£125,000 > £130,000	0
1	£130,000 > £135,000	0
0	£135,000 > £140,000	0
0	£140,000 > £145,000	0
1	£145,000 > £150,000	0
0	£150,000 > £155,000	1
635	Total	785

The above figures include 271 teachers (322 in 2022-23).

It also includes 29 (22 in 2022-23) West Yorkshire Pension Fund employees. Bradford Council administers the WYPF on behalf of its participating employers and members.

The above table includes compensation payments for loss of employment. The Employee Remuneration Note excludes Senior Officers salaries, which is shown in a separate note below.

Senior Officers Remuneration

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

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

2023-24 Senior Officers (excluding Employer Pension contributions)

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

Post Title	Salary including Fees & Allowances	Expense Allowances	Compensation for loss of Office	Benefits in Kind	Total Remuneration excluding Pensions	Pension Contributions	Total Remuneration including pension contributions
	£	£	£	£	£	£	£
Chief Executive - Kersten England to 15/10/23	111,552				111,552	18,741	130,293
Chief Executive - Lorraine O'Donnell from 16/10/23	97,532				97,532	16,385	113,917
Strategic Director Corporate Resources - Joanne Hyde	158,342				158,342	26,601	184,943
Strategic Director Social Care & Health (formerly Health & Wellbeing) - Iain MacBeath	158,342				158,342	26,601	184,943
Strategic Director Place - David Shepherd	152,205				152,205	25,570	177,775
Strategic Director Children's Services - Marium Haque	154,012				154,012	25,874	179,886
Director of Finance, Procurement and IT to 12/01/2024 - Chris Kinsella	253,125				253,125		253,125

2023-24 Senior Officers' Remuneration (annual salary is less than £150,000)

Post Title	Salary including Fees & Allowances	Expense Allowances	Compensation for loss of Office	Benefits in Kind	Total Remuneration excluding Pensions	Pension Contributions	Total Remuneration including pension contributions
Director of Human Resources	112,403				112,403	18,884	131,287
Director of Legal & Governance to 31/01/24	90,260				90,260	15,164	105,424
Interim Director of Legal & Governance from 01/02/24	17,711				17,711	2,987	20,698
Director of Public Health	112,403				112,403	18,974	131,377
Assistant Director - Office of the Chief Executive	106,268				106,268	17,853	124,121
Strategic Equality, Diversity & Inclusion Lead	75,387				75,387	12,665	88,052
Director of Research Health Determinants Research Collaboration (HDRC) to 05/11/2023. This post is fully funded through an award from the National Institute for Health Research.	43,603				43,603	12,265	55,868
Interim Director of Research Health Determinants Research Collaboration (HDRC) from 06/11/23. This post is fully funded through an award from the National Institute for Health Research.	38,818				38,818	6,521	45,339
Interim Director of Finance from 02/01/2024	48,448				48,448		48,448
West Yorkshire Pension Fund							
Managing Director - West Yorkshire Pension Fund - Euan Miller	152,450				152,450	25,612	178,062
Chief Investment Officer - West Yorkshire Pension Fund - Leandros Kalisperas	206,999				206,999	34,776	241,775
Bradford Council administers the West Yorkshire Pension Fund on behalf of its participating employers and members.							

2022-23 Senior Officers (excluding Employer Pension contributions)

Post Title	Salary including Fees & Allowances	Expense Allowances	Compensation for loss of Office	Benefits in Kind	Total Remuneration excluding Pensions	Pension Contributions	Total Remuneration including pension contributions
	£	£	£	£	£	£	£
Chief Executive - Kersten England	199,472			466	199,938	34,110	234,048
Strategic Director Corporate Resources - Joanne Hyde	152,987				152,987	26,161	179,148
Strategic Director Health & Wellbeing - Iain MacBeath	152,987				152,987	26,161	179,148
Strategic Director Place to 16/10/22 - Jason Longhurst	85,760				85,760	14,206	99,966
Strategic Director Place from 02/01/23	36,111				36,111	6,175	42,286
Strategic Director Children's Services from 20/01/23 (formerly Interim Strategic Director Children's Services to 19/01/23)	147,295				147,295	25,200	172,495
Director of Finance & IT (formerly Director of Finance) to 31/12/22	100,279				100,279	15,862	116,141
Director of Human Resources	108,602				108,602	18,571	127,173
Director of Legal & Governance from 12/09/22	56,756				56,756	9,705	66,461
City Solicitor to 03/04/22	905				905	155	1,060
Director of Public Health	108,602				108,602	18,332	126,934
Assistant Director - Office of the Chief Executive	102,674				102,674	17,557	120,231
Strategic Equality, Diversity & Inclusion Lead from 09/05/22	62,781				62,781	10,770	73,551
Executive Director Bradford Children and Families Trust Ltd - Charlotte Ramsden from 20/02/23 to 31/03/23. This post transferred to the Bradford Children and Families Trust Ltd on 01/04/23.	18,720				18,720	3,201	21,921
Director of Research Health Determinants Research Collaboration (HDRC) from 27/03/23. This post is fully funded through an award from the National Institute for Health Research.	948				948	162	1,110
West Yorkshire Pension Fund							
Managing Director - West Yorkshire Pension Fund from 31/10/22~	61,233				61,233	10,471	71,704
Managing Director West Yorkshire Pension Fund (formerly Director West Yorkshire Pension Fund) to 09/03/23~	129,899				129,899	22,213	152,112
Chief Investment Officer - West Yorkshire Pension Fund Leandros Kalisperas from 30/12/22 (new post)	51,075				51,075	8,734	59,809
Bradford Council administers the West Yorkshire Pension Fund on behalf of its participating employers and members.							

Note 26. Exit Packages

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

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

Compulsory Redundancies				
Number of Exit Packages	Cost to Council	Cost Bandings	Number of Exit Packages	Cost to Council
2022-23	2022-23 £		2023-24	2023-24 £
6	69,378	£0 - £19,999	1	1,942
-	-	£20,000 - £39,999	1	27,574
-	-	£40,000 - £59,999	-	-
-	-	£60,000 - £79,999	-	-
1	90,287	£80,000 - £99,999	1	98,781
4	498,360	£100,000 - £149,999	1	108,954
-	-	£150,000 - £199,999	-	-
-	-	£200,000 - £249,000	-	-
-	-	£200,000 - £249,999	-	-
11	**658,025**	**Total**	**4**	**237,251**

Other Departures				
Number of Exit Packages	Cost to Council	Cost Bandings	Number of Exit Packages	Cost to Council
2022-23	2022-23 £		2023-24	2023-24 £
21	149,710	£0 - £19,999	35	196,516
5	137,500	£20,000 - £39,999	3	84,144
4	197,414	£40,000 - £59,999	2	87,235
1	60,136	£60,000 - £79,999	2	148,450
-	-	£80,000 - £99,999	-	-
-	-	£100,000 - £149,999	-	-
-	-	£150,000 - £199,999	1	153,461
-	-	£200,000 - £249,000	-	-
31	**544,760**	**Total**	**43**	**669,806**

The Exit Packages table excludes exit packages to senior officers, which, if applicable, are shown in a separate note above.

Note 27. Capital Charges and the Repayment of External Loans

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

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

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

The MRP for 2023-24 is £21.114m (2022-23 £20.297m).

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

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £5.518m in 2023-24 (£4.774m in 2022-23) is not shown in the Comprehensive Income and Expenditure Statement but is charged to the General Fund and shown in the Movement in Reserves Statement.

Profit or Loss on the Disposal of Assets and Investments

Profits or losses arising on the disposal of assets are charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The loss on disposal of £31.434m in 2023-24 is made up of £35.971m from the de-recognition of assets and £4.537m in capital receipts. There was a loss on disposal largely due to schools that were de-recognised from assets when they converted to Academies. The Council does not receive capital receipts when schools convert to academies.

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

Note 28. Leases

Council as Lessee

Finance Leases

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

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

31 March 2023 £000	Finance Leases as Lessee	31 March 2024 £000
756	Vehicles, Plant, Furniture and Equipment	479
756	**Total**	**479**

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

31 March 2023 £000	**Finance Lease liabilities** (net present value of minimum lease payments)	31 March 2024 £000
262	Current	125
392	Non-current	297
13	Finance costs payable in future years	136
667	**Total Minimum Lease Payments**	**558**

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

Minimum Lease payments payable over the following periods	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Not later than one year	268	189	262	125
Later than one year and not later than five years	399	369	392	297
Total	**667**	**558**	**654**	**422**

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

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

Operating Leases

The Council has entered a number of operating leases for buildings, vehicles, photocopiers and office equipment. The amount charged under these arrangements in the Comprehensive Income and Expenditure Statement during 2023-24 was £1.7m (£1.41m 2022-23).

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

31 March 2023	Operating Leases	31 March 2024
£000		£000
865	Not later than one year	809
2,301	Later than one year and not later than five years	2,384
1,488	Later than five years	990
4,654	**Total**	**4,183**

Council as Lessor

Finance Leases

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

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

31 March 2023	Finance lease debtor (net present value of minimum lease payments)	31 March 2024
£000		£000
210	Non-current	210
2,442	Unearned finance income	2,415
2,652	**Gross Investment in the Lease**	**2,625**

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Not later than one year	26	26	26	26
Later than one year and not later than five years	105	105	105	105
Later than five years	2,520	2,494	2,520	2,494
Total	**2,651**	**2,625**	**2,651**	**2,625**

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

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

Operating Leases

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

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

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

31 March 2023 £000		31 March 2024 £000
2,499	Not later than one year	2,524
5,331	Later than one year and not later than five years	5,899
52,986	Later than five years	52.229
60,816	**Total**	**60,652**

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 2023-24 £0.401m contingent rents were receivable by the Council (2022-23 £0.355m).

Note 29. Capital Expenditure and Financing

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

2022-23 £000	Capital Expenditure and Capital Financing Requirement	2023-24 £000
712,094	**Opening Capital Financing Requirement**	**769,236**
	Capital investment	
114,881	Property, Plant and Equipment	121,422
86	Investment properties	-
184	Intangible Assets	934
30,055	Revenue Expenditure funded from Capital under statute	46,970
8,878	Capital loans	9,349
	Capitalisation of Revenue costs under EFS	80,000
	Sources of Finance	
(1,325)	Capital Receipts Applied	(15)
(70,546)	Government grants and other contributions	(93,620)
(4,774)	Sums set aside from revenue	(5,518)
(3,234)	Repayment of Principal on PFI and Other Finance Leases	(3,219)
(16,924)	Minimum Revenue Provision (MRP)	(17,762)
(139)	Payments of Principal on Long-Term Liabilities	(133)
769,236	**Closing Capital Financing Requirement**	**907,644**
	Explanation of movements in year	
56,777	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	138,374
365	Assets acquired under finance leases	34
57,142	**Increase/ (decrease) in Capital Financing Requirement**	**138,408**

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £46.970m (£30.055m in 2022-23). Grants of £29.725m funded this in year REFCUS expenditure (£26.231m in 2022-23), including £23.044m transferred from the Capital Grants Unapplied reserve (£15.131m in 2022-23). 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 30. Long Term Liabilities

The main liability is in respect of the actuarially calculated Local Government Pension Scheme Discretionary Benefits and Teachers Discretionary Benefits Arrangements of £83.802m at 31 March 2024, which was £7.601m lower when compared to balance at 31 March 2023. This was due to the large improvement in financial assumptions, in particular the increase in the discount rate used. Please see note 18 for more detail.

Other significant liabilities are:

a) PFI principal repayments due over the remaining life of the BSF Phase 1 and Phase 2 contracts. The total outstanding PFI liability as at 31 March 2024 was £128.9m (£137.564m at 31 March 2023), of which £120.059m is a deferred liability and £8.841m a creditor in respect of the 2024-25 principal repayment.

b) Former West Yorkshire Waste Management Joint Committee debt. This is managed on the Council's behalf by Wakefield Metropolitan District Council. The deferred liability outstanding at 31 March 2024 was £2.947m (£3.070m at 31 March 2023).

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

2022-23 £000	Other Long Term Liabilities	2023-24 £000
58,890	Pension Liability	**54,075**
	PFI & Other Long Term liabilities	
	BSF	
49,475	Phase 1	45,835
79,425	Phase 2	74,224
3,070	Waste Management Joint Committee Debt	2,947
864	Other	761
132,834	**Total**	**123,767**

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £128.9m. As with all the Long-Term liabilities and current liabilities, the liability of £128.9m impacts on the Balance Sheet by reducing the net assets of the authority. However, this liability is matched with a government grant for Phase 1 of £9.005m and £18.297m for Phase 2, totalling £27.302m, see Note 19. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 31. Related Parties

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 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 20.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023-24 is shown in note 24. 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 2023-24, a number of council members had a controlling interest in, or a significant influence on, a company, partnership, trust or other entity, either due to ownership, or as a director, trustee, governor or partner. In a number of cases, this was as a representative of the Council, in order that the Council can maintain effective partnerships with organisations that are independent from the Council, but have an impact on its service areas. Transactions amounted to net expenditure of £7.330m in 2023-24 (£7.518m in 2022-23), with gross expenditure of £10.374m (£9.622m in 2022-23), of which £0.136m (£0.007m in 2022-23) is still outstanding) and gross income of £3.044m (£2.104m in 2022-23), of which £0.573m (£0.375m in 2022-23) is still outstanding). Among those transactions, there were:

- payments totalling £2.4m (£2.2m in 2022-23) 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 £2.933m, of which £2.649m (£nil in 2022-23) was related to payroll deductions from Council employees, were made to Bradford District Credit Union, in which one member had an interest.
- payments totalling £0.8m, of which £0.4m (£nil in 2022-23) 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 (£nil in 2022-23) was related to amounts of levy income collected by the Council on an agency basis, to Bradford BID Limited, in which three members had an interest as directors, with one member resigning on 1st December 2023.
- payments totalling £0.5m (£nil in 2022-23) was related to the costs of providing childcare, made to Woodroyd Nursery and Children's Centre, in which one member had an interest as a director.
- payments totalling £0.773m to, and income totalling £0.460m from, Bradford Teaching Hospitals NHS Foundation Trust, in which one member had an interest as governor.
- payments totalling £0.084m to Sandale Community Development Trust, in which one member had an interest as chief executive.
- payments totalling £0.052m Hainsworth Wood Community Centre, in which one member had an interest as treasurer.

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

During the year, a number of senior officers declared interests which give rise to related parties. The Strategic Director for Children's Services was the alternate director for Integrated Bradford LEP Limited and Integrated Bradford LEP Fin Co One Limited, until resigning on 12th January 2024; The Director for Public Health was the non-executive director for Yorkshire Sport Foundation, until resigning on 12th January 2024; The Strategic EDI lead was also a director of Impact Hub Bradford CIC and a trustee of the Linking Network.

Other Public Bodies (subject to common control by central government) - 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 – Notes 17 and 18
- Pooled Budgets – Note 23

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 (WYCA). The amount paid in 2023-24 was £23.0m (£22.9m in 2022-23). The Leader of Bradford Council is a member of WYCA. In addition to the transport levy, payments of £3.3m have been made to WYCA in 2023-24 (£1.4m in 2022-23). There was also a one off rebate of £11.9m received by the Council during the year. As at 31 March 2024, balances that were outstanding with WYCA were a short-term debtors balance of £20.1m (£23.3m as at 31 March 2023) and a short-term creditors balance of £0.5m (£1.9m as at 31 March 2023).

Entities controlled or significantly influenced by the Council

The Council maintains involvement with a number of associates and subsidiary companies where the assets and liabilities of these companies are not included in the Council's core financial statements. Group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

The subsidiary that has been consolidated into the group financial statements is listed below:

- Bradford Live – the company is set up to deliver major refurbishment of the Odeon building and is a key part of the Council's plans for the regeneration of the City Centre area. It is not in operation during 2023-24. The authority controls Bradford Live Ltd since August 2023, in order to provide the means by which it can maintain effective scrutiny and control over the Company's activities and finances through to completion of the project. As at 31 March 2024, expenditure of £40.4m was incurred (£19.2m at 31 March 2023), funded by £16.9m of grant and a £23.5m construction loan from the council.

The subsidiary that has not been consolidated into the group financial statements is listed below:

- Bradford Children and Family Trust (BCFT) – the company is set up to deliver quality social care services with partners that help safeguard, support and promote the welfare of children, young people and families across the Bradford District. During the first year in operation, BCFT was mainly funded by £27.5m of grant and £215.7m contract payment from the council (£nil in 2022/23). Its gross expenditure at the close of 2023/24 were £247.3m, and its net assets were £14.3m (£nil in 2022/23).

- New Choices (Bradford & District) Limited – 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 2023-24, expenditure incurred on residential care totalling of £7.1m (£6.7m in 2022-23), as part of contracts under which the council has 100% of nomination rights.

Entities where the Council has some influence

Organisations, including associated subsidiaries, where the Council is a shareholder of the company and the level of activity is not material to the Council's Group Accounts, are detailed below.

- The Moors Management Company Limited – no transactions in 2023-24 (no transaction in 2022-23).
- Canal Road Urban Village Limited – no transactions in 2023-24 (no transaction in 2022/23).
- CBMDC Building Schools for the Future Limited – no transactions in 2023-24 (no transaction in 2022-23)

Note 32. External Audit Costs

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

2022-23	External Audit Costs	2023-24
£000		**£000**
156	External audit services	443
156	**Total**	**443**

Note 33. 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 £673.825m for financial year 2023-24 (£634.834m in 2022-23), see the table below:

Dedicated Schools Grant	Total	Central Expenditure	Individual Schools Budget (ISB)	Total
	2023-24 £000	**2023-24** £000	**2023-24** £000	**2022-23** £000
Final DSG before Academy Recoupment	673,825			634,834
Academy Recoupment	(411,822)			(358,970)
Total DSG after Academy Recoupment	**262,003**			**275,864**
Plus DSG b/f from previous year	36,521			33,825
DSG carry forward to following year agreed in advance	(29,522)			(30,952)
Agreed Budget Distribution	**269,002**	**105,572**	**163,429**	**278,737**
In Year Adjustments	1,270	934	336	287
Final Budgeted Distribution	**270,271**	**106,506**	**163,765**	**279,024**
Less Actual ISB deployed to schools	(101,232)	(101,232)		(36,425)
Less Actual Central Expenditure	(162,162)		(162,162)	(237,030)
Carry Forward	**6,877**	**5,274**	**1,603**	**5,569**
Carry Forward agreed in Advance	29,522		29,522	30,952
Total Carry Forward	**36,399**	**5,274**	**31,125**	**36,521**

* The DSG after Academy Recoupment of £262.003m is the same as is shown in the grants Note 20.

Note 34. Contingent 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.

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

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

has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. 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 16).

Search Fees

A group of Personal Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agreed to settle and some costs have been previously settled. It is possible that additional claimants may come forward to submit claims for refunds.

An amount of £0.1m is set aside within provisions for refund of search fees (Please also see Provisions, Note 16). Given that most claims have come forward, the cost of any further claims is expected to be minimal.

Compulsory Purchase Order

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

Note 35. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, lending, soft loans, financial guarantees and bank deposits of the Council. Non exchange transactions such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial assets is classified and measured at fair value, with changes in fair value recognised in the profit and loss as they arise (FVPL), unless specific criteria are met for classifying and measuring the asset at either amortised cost or fair value through other comprehensive income (FVOCI).

The financial assets at fair value through profit and loss such as loan investments with other local authorities.

Fair value through other comprehensive income. These assets are measured and carried at fair value with gains and losses due to changes in fair value charged to the financial instruments revaluation reserve until the asset is disposed of and the gain or loss is charged to the comprehensive income and expenditure statement, comprising the regional Investment Fund.

Amortised cost (where cash flows are solely payments of principal and interest, and the council's business model is to collect those cash flows) including, cash and cash equivalents, loans to other local authorities/companies and trade receivables for goods and services provided.

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

	Long-term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Financial Assets	**£000**	**£000**	**£000**	**£000**
Held at amortised cost				
Investments Accrued Interest	-	-	44	225
Cash & Cash Equivalents	-	-	64,878	38,758
Equity Investments	1	1	-	-
Long term Debtors	15,892	31,479	-	-
Debtors	-	-	80,312	71,825
Total held at amortised cost	**15,893**	**31,480**	**145,234**	**110,808**
Fair value through other comprehensive income				
Revolving Investment Fund	3,474	3,658	-	-
Total FVOCI	**3,474**	**3,658**	**-**	**-**
Total Financial Assets	**19,367**	**35,138**	**145,234**	**110,808**
Financial liabilities				
Held at amortised cost				
Loans (Principal amount)	411,690	532,052	64,492	85,169
Accrued Interest	-	-	4,102	6,287
PFI and finance lease liabilities	129,292	120,356	8,926	8,966
Current Creditors	-	-	48,321	53,112
Total Financial Liabilities	**540,982**	**652,408**	**125,841**	**153,534**

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

Fair value of Financial Instruments

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

- For loans from the Public Works Loan Board (PWLB), new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. We have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).

- For Lender’s Option Borrower’s Option” (LOBO) loans, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.

- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.

- No early repayment or impairment is recognised.

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

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

The fair values calculated are as follows:

2022-23 Carrying amount	2022-23 Fair value	Fair value of liabilities carried at amortised cost at 31 March	2023-24 Carrying amount	2023-24 Fair value
£000	**£000**		**£000**	**£000**
366,823	338,691	PWLB Loans	500,338	452,998
37,756	34,409	LOBO's	37,737	30,812
12,109	12,109	Other loans	13,453	13,453
54,102	54,102	Short term borrowing	63,287	63,287
5,819	5,819	Cash overdrawn	-	-
3,332	3,985	Other local authorities re joint services	3,199	3,469
343	343	Other	341	341
138,218	138,218	PFI and finance lease liabilities	129,322	129,322
48,321	48,321	Financial liabilities at contracted amounts	53,112	53,112
666,823	**635,997**	**Total Liabilities**	**800,789**	**746,794**

The fair value of liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders lower current market rates.

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

An alternative valuation technique for PWLB loans is where the value is calculated to be equivalent to the cost of the early repayment of outstanding PWLB debt. But if the Council were to seek to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption, in addition to charging an additional premium for the additional interest that will not now be paid.

The above fair values are judged to be level 2 in the fair value hierarchy, using significant observable inputs. There were no transfers between input levels in the fair value hierarchy during the year.

Financial Assets that mature within one year are carried at cost, as this is a fair approximation of their value, as reflected in the following table.

2022-23 Carrying amount	2022-23 Fair value	Fair value of assets carried at amortised cost at 31 March	2023-24 Carrying amount	2023-24 Fair value
£000	**£000**		**£000**	**£000**
64,922	64,922	Investments – cash and cash equivalents	38,983	38,983
3,475	3,582	Long term Investment	3,658	3,658
16,165	16,165	Debtors – loans and receivables	31,746	31,746
80,039	80,039	Financial assets at contracted amounts	71,558	71,558
164,601	**164,708**	**Total Financial Assets**	**145,945**	**145,945**

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

Gains and losses on financial instruments

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

2022-23 £000	Recognised gains and losses	2023-24 £000
	Financial assets: measured at amortised cost	
(2,182)	Interest income	(2,226)
(2,182)	**Total income in surplus or deficit on the provision of services**	**(2,226)**
	Financial Liabilities measured at amortised cost	
17,343	Interest payable	22,914
16,510	Interest Payable on PFI and Finance leases	16,632
33,853	**Total expense in surplus or deficit on the provision of services**	**39,546**

Nature and extent of risks arising from financial instruments

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

a) Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

b) Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

c) Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movement.

Overall procedures for managing risks

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. In July 2003 the Council fully adopted the CIPFA Code of Treasury Management Practices. Each year the Director of Finance presents to the Governance and Audit Committee

an Annual Treasury Management Report which covers the Council's current treasury position, borrowing and investment strategies and performance and debt rescheduling.

The annual Treasury Management Strategy which incorporates prudential indicators was reviewed by Governance & Audit Committee on 23 March 2023 and approved by Council on 23 May 2023 and is available on the Council's website. Actual performance is also reported after each year.

a) Credit Risk

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

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

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

Investment limits

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

1. The Government through debt management office including deposits, treasury bills and bank government guarantee certificate of deposits – Maximum Investment with any one counter party – no limit.
2. Local Authorities: Maximum Investment with any one counter party – £20 million.
3. Money Market funds including government funds with a Moody's, S&P or Fitch rating of AA: Maximum Investment with any one counter party – £20 million.
4. Any other Bank or Building Society with credit criteria of Moody's rating Aa3 or better (Fitch AA-if not available), Fitch short term rating of at least F1 and a S&P short term rating of A1 or better: Maximum Investment with any one counter party – £30million.
5. Any Bank or Building Society with credit criteria of Moody's rating A1 or better, (Fitch A+ if not available), Fitch short term of at least F1 and a S & P short term rating of A-1or better: Maximum Investment with any one counter party – £20million.
6. Lower limit with any bank or building society with at least one of the following; Moody rating of A3 or better, Fitch rating of at least F1, S&P rating of A-1 or better: Maximum Investment with any one counter party – £7million.
7. National Westminster Bank – £20m.

The full Investment Strategy for 2023-24 was approved by Governance & Audit Committee on 23 March 2023 and approved by Council on 23 May 2023 and is available on the Council's website.

Amounts arising from expected credit losses

The expected credit loss on trade debtors has been calculated using the lifetime credit losses basis. The impairment allowance loss on other financial assets has been calculated based on the expected 12-month credit loss, however, there have been minimal losses as at 31 March 2024.

At the year end the Council held investments of £44.136m, made up of Cash and Cash Equivalents. The Council's maximum exposure to credit risk in relation to the above balances cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2024 that any losses were likely to crystallise. The Council has not suffered any historical experience of default on any deposits with financial institutions and does not expect to suffer any defaults on any of its existing deposits and therefore there is no requirement for any impairment of financial assets to be made.

We have assessed the Council's short term and long term investments and concluded that the expected credit loss is not material therefore no allowance has been made, see table below.

	31 March 2024 Principal £000	Lowest Credit rating	Historical experience of default %	Estimated maximum exposure to default £000
HSBC MMF	4,000	AAAm	0.000%	-
Black Rock MMF	9,000	AAAm	0.000%	-
LGIM MMF	6,000	AAAm	0.000%	-
Federated Liquidity Fund	7,000	AAAm	0.000%	-
Investments Principals	**26,000**	**-**		**-**

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

The Council holds a number of long-term debtors totalling £31.479m as at 31 March 2024. When undertaking any long-term loans, the Council follows a full due diligence process. An assessment of the Council's exposure to credit risk on the long-term debtors as at 31 March 2024 as made, an expected credit loss (£7,934k) was made to loan outstanding.

The Council does not generally allow credit for customers and trade debts are actively pursued but some of the current balance is past its due date. Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. An impairment charge has been included in the accounts, to take account of the risk of non-payment (see Note 15). The exposure to default has been assessed and is reflected in an impairment charge of £11.336m. As at 31 March 2024, the Council had a balance owing from its customers (mainly service and rent) of £71.558m (£80.039m 31 March 2023).

b) Liquidity Risk

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

If unexpected movements occur, the Council has ready access to a facility to borrow from the Public Works Loans Board to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 40**%** within any rolling

five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

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

31 March 2023 £000	Total Borrowing	31 March 2024 £000
	Source of loan and interest rate range :	
366,823	Public Works Loan Board (3.7% to 10%)	500,338
37,756	Commercial Banks (3.2% to 4.5%)	37,737
62,110	Other	70,453
466,689	**Total**	**608,528**
	Analysis of loans:	
58,540	Maturing in less than 1year	79,887
58,540	**Total Short Term Borrowing**	**79,888**
	Long Term Borrowing	
73,804	Maturing in 2 - 5 years	139,007
56,289	Maturing in 5 - 10 years	98,596
42,000	Maturing in 10 - 15 years	55,000
236,056	Maturing in more than 15 years	236,037
408,149	**Total Long Term Borrowing**	**528,640**
466,689	**Total Borrowing**	**608,528**

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

All trade and other payables are due to be paid in less than one year and are not shown in the table above. Further details for short term creditors can be found in Note 15.

c) Market Risk

<u>Interest rate risk</u>

The Council is exposed to interest rate movements on its borrowings and investments. The current interest rate risk for the Council is summarised below:

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and

receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. During periods of raising interest rates, borrowing is minimised where possible. During periods of falling interest

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

According to this investment strategy, if interest rates had been 1% higher at 31 March 2024 with all other variables held constant, the financial effect would be:

31 March 2023 £000	Effect of 1% increase in interest rates	31 March 2024 £000
-	Increase in interest payable on variable rate borrowings	-
(773)	Increase in interest receivable on variable rate investments	(357)
-	Increase in government grant receivable for financing costs	-
(773)	**Impact on Surplus or Deficit on the Provision of Services**	**(357)**

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

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

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

Foreign Exchange Risk
The Council does not have any financial assets or liabilities denominated in foreign currencies, and therefore has no exposure to loss arising from movements in exchange rates.

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 2023-24:

1. £43.4m unitary charges related to the Council's two PFI schemes (£40.9 in 2022/23. See Note 19 for further details.
2. The £80m Capitalisation Direction covers the period to 31 March 2024.

In February 2024 the Secretary of State for the former Department for Levelling Up, Housing and Communities (now known as the Ministry of Housing, Communities and Local Government) provided an "in principle" Capitalisation Direction of £80m to the Council under the Department's Exceptional Financial Support program. The 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 £73m overspend on the revenue budget and the balance of £7m to restore the General Fund reserve to a minimum acceptable level.

Housing Revenue 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. As the HRA was established from 1 April 2023, therefore there are no prior year comparators.

The Housing Revenue Income and Expenditure Statement	**2023-24**	Notes
	£000	
Income		
Dwelling rents	(2,579)	
Expenditure		
Supervision and management	191	
Repairs and maintenance	34	
Rents, rates, taxes and other charges	1,058	
Depreciation and impairments of non-current assets	331	H1.1
Net cost of HRA services	**(965)**	
HRA share of operating income and expenditure included in the authority's Income and Expenditure Account		
Gain or (loss) on disposal of non current assets	(44)	
Interest payable and similar charges	537	H2.1
Capital grants and contributions	(4,131)	
(Surplus) or deficit for year on HRA services	**(4,603)**	

Statement of Movement on the Housing Revenue Account Reserve

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.

Statement of Movement on the Housing Revenue Account Reserve	**2023-24**	**Note**
	£000	
Increase or decrease in the HRA reserve comprising		
(Surplus) or deficit on the HRA Income and Expenditure Statement	**(4,603)**	
Adjustments between accounting basis and funding basis under the HRA legislative framework		
Capital expenditure funded by the HRA	111	H5.1
Depreciation and impairment charge	(331)	
Transfer to / (from) MRR	331	H6
Capital grants and contributions applied	4,131	
Difference between accounting regulation and Statute		
Net gain / (loss) on sale of non current assets	44	
(Increase) / decrease in Housing Revenue Account Balance	**(318)**	
Housing Revenue Account Reserve balance	*502*	H3
Increase / (decrease) for the year	318	H3
Housing Revenue Account Reserve balance carried forward	**820**	

Explanatory notes to the Housing Revenue Account

H1 Charges for HRA use of assets

H1.1 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 2023/24 the breakdown of these charges was £0.331m 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 H6 below). Impairment charges for properties are also reversed within the Statement of Movement on the HRA Reserve.

H2 Charges relating to the finance costs of borrowing for HRA capital expenditure

H2.1 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.

H3 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.

	Transfers In £000	Balance at 31 March 2024 £000
General Reserves	696	696
HRA Furniture & Equipment	48	48
HRA Home Adaptations	76	76
A. Total HRA Balance	**820**	**820**

H4 HRA assets

H4.1 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.

	Council Dwellings	Total HRA Fixed Assets
	£000	£000
Cost or Valuation		
At 1 April 2023	**28,351**	**28,351**
Additions	4,667	**4,667**
At 31 March 2024	**33,018**	**33,018**
Depreciation		
At 1 April 2023		**-**
Depreciation charge	(405)	**(405)**
Depreciation w/o Revaluation Reserve	59	**59**
Depreciation w/o to the Surplus/Deficit on the Provision of Services	15	**15**
At 31 March 2024	**(332)**	**(332)**
At 31 March 2023 – Net Book Value	**28,350**	**28,350**
At 31 March 2024 – Net Book Value	**32,686**	**32,686**

H4.2 Vacant possession values

In accordance with government guidance, council house valuations have been reduced by a regional adjustment of 41% in 2023-24. This adjustment is in recognition of their status as social housing. As a consequence, the council recognises council dwellings at a value of £32.7m on the balance sheet. At vacant possession the same dwellings would have a value of £79.7m therefore recognising an economic cost to the government of providing council housing at less than open market rents of £47.0m.

H4.3 Housing stock numbers

At 31st March 2024 the council was responsible for managing 427 dwellings. The composition of the stock was as follows:

	2023/24 Number	Percent
Houses	350	82%
Flats	77	18%
	427	100%

H5 HRA capital accounting

H5.1 Capital expenditure and funding

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:

Capital expenditure and funding	**2023-24** **£000**
Capital Expenditure Property, Plant and Equipment	4,667
HRA capital expenditure	**4,667**
Capital Funding	
Government grants and other contributions	**4,131**
Sums set aside from revenue	**111**
Borrowing	426
HRA capital funding	**4,667**

H5.2 Capital receipts

The Local Government Act 2003 specifies that income from the disposal of HRA assets must be split into usable and reserved elements.

The table below identifies HRA capital receipts from the disposal of assets:

Capital receipts	**2023-24** **£000**
Council Dwellings	104
Total	**104**

H6 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.

Major Repairs Reserve	**2023-24** £000
Balance at 1 April	**-**
Statutory transfer to the reserve	331
Transfer to/(from) the reserve	-
Balance at 31 March	**331**

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.

2022-23 £000 Council Tax	2022-23 £000 Business Rates	2022-23 £000 Total	Collection Fund Statement	2023-24 £000 Council Tax	2023-24 £000 Business Rates	2023-24 £000 Total	Note
			Income				
(271,684)	-	(271,684)	Due from Council Tax payers	(288,556)	-	(288,556)	Note 1
-	(113,845)	(113,845)	Due from Business Rate payers	-	(122,381)	(122,381)	Note 2
(271,684)	**(113,845)**	**(385,529)**	**Total Income**	**(288,556)**	**(122,381)**	**(410,937)**	
			Expenditure				
			Precepts:				
224,310	-	224,310	Bradford Council	236,364	-	236,364	
10,352	-	10,352	West Yorkshire Fire and Rescue Authority	11,108	-	11,108	
31,736	-	31,736	West Yorkshire Combined Authority	34,005	-	34,005	
			Business Rates:				
-	58,308	58,308	Payment to Central Government	-	59,437	59,437	
-	1,166	1,166	Payment to West Yorkshire Fire and Rescue Authority	-	1,189	1,189	
-	57,142	57,142	Payment to Bradford Council	-	58,249	58,249	
-	717	717	Costs of Collection	-	712	712	
-	198	198	Disregarded Amounts - Designated Growth Area	-	417	417	
-	636	636	Transitional Protection Payments	-	-	-	
-	593	593	Write-offs of Uncollectable Amounts	-	21	21	
-	(4,275)	(4,275)	Settlement of Appeals	-	(5,385)	(5,385)	
4,461	140	4,601	Contribution to / from (-) Allowance for Council Tax and NDR Debts	4,777	1,136	5,913	Note 3
-	(4,064)	(4,064)	Contribution to / from (-) Provision for Losses on Appeals	-	11,368	11,368	Note 4
			Distribution of Collection Fund Surplus/Repayment of Deficit:				
(1,830)	(16,174)	(18,004)	Bradford Council	(1,931)	(2,066)	(3,997)	
(84)	(330)	(414)	West Yorkshire Fire and Rescue Authority	(88)	(42)	(130)	
(247)	-	(247)	Police & Crime Commissioner for West Yorkshire	(261)	-	(261)	
-	(16,504)	(16,504)	Central Government	-	(2,108)	(2,108)	
268,697	**77,554**	**346,251**	**Total Expenditure**	**283,975**	**122,928**	**406,903**	
(2,987)	**(36,292)**	**(39,278)**	**Net movement (surplus (-)/deficit) in the fund balance**	**(4,581)**	**547**	**(4,034)**	Note 5
			Movements on the Collection Fund Balance				
2,279	**36,758**	**39,038**	**Balance at beginning of year**	**(708)**	**467**	**(241)**	
(2,519)	(17,783)	(20,301)	Bradford's share of surplus (-) /deficit for the year	(3,864)	268	(3,596)	Note 5
(468)	(363)	(832)	Preceptors' share of surplus (-) /deficit for the year	(717)	6	(712)	Note 5
	(18,146)	(18,146)	Central Government's share of surplus (-) /deficit for the year		274	274	Note 5
(708)	**467**	**(241)**	**Balance at end of year**	**(5,289)**	**1,014**	**(4,275)**	
			Allocated to:				
(578)	229	(349)	Bradford Council	(4,442)	497	(3,945)	
(30)	4	(26)	West Yorkshire Fire and Rescue Authority	(208)	10	(198)	
(100)	-	(100)	Police & Crime Commissioner for West Yorkshire	(640)	-	(640)	
-	233	233	Central Government	-	507	507	
(708)	**467**	**(241)**	**Total Allocation**	**(5,289)**	**1,014**	**(4,275)**	

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 £1,620.98in 2023-24 (£1,543.93 in 2022-23) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2023-24 was 143,920 (143,420 in 2022-23). The tax base for 2023-24 was approved at the Executive meeting on 3rd January 2023 and was calculated as follows:

2022-23 Band D Equivalent		Band	2023-24 Number of dwellings equivalents (after applying discounts, premiums and local tax support)	Multiplier	2023-24 Band D Equivalent
62		A*	110	5/9	61
40,824		A	61,781	6/9	41,187
28,981		B	37,543	7/9	29,200
30,713		C	34,892	8/9	31,015
17,264		D	16,199	9/9	16,199
14,580		E	12,084	11/9	14,769
8,113		F	5,760	13/9	8,320
5,745		G	3,537	15/9	5,895
514		H	260	18/9	520
146,796	Total Band D equivalent				147,166
-3,376	Adjustment for estimated losses on collection				-3,246
143,420	**Council Tax Base (after allowance for council tax support)**				**143,920**

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 2022-23) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 51.2p (51.2p in 2022-23) includes the supplement to pay for small business relief. For 2023-24, the Government has kept the multiplier unchanged.

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 2023-24 were estimated before the start of the financial year as £1.189m to WYFRA and £58.249m to Bradford Council. These sums have been paid in 2023-24 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2023-24 was £114.975m (£113.845m in 2022-23). This sum includes £0.636mm (£0.645m in 2021-22) of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £386m for 2023-24 (£381m for 2022-23).

Note 3. Allowance for Council Tax and Business Rate Debts

In 2023-24, the allowance for Council Tax debts impairment increased from £17.684m to £19.269m. The net movement of £1.585m represents amounts charged against the allowance of £3.192m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £4.777m. 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 2023-24, the allowance for Business Rates debts impairment decreased from £6.602m to £6.555m. The net movement of £0.047m represents amounts charged against the allowance of £1.183m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £1.136m. 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 2023-24 Business Rate Pool, the Council shares 49% of the risks and rewards of the income from Business Rates.

The Collection Fund currently holds £13.106m of appeals provision to counter the potential impact of successful appeals in future years. Within this balance £3.183m of provision is held in relation to the 2017 valuation list, and £9.555m of provision is held in relation to the 2023 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 £4.275m arose in 2023-24 (£0.241 surplus in 2022-23), of which the Council's share was a surplus of £3.945m (£0.349m surplus in 2022-23) and the preceptors share a surplus of £0.330m (£0.108m surplus in 2022-23). This is due to the overall surplus position on Council tax offset by a deficit position for Business rate.

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.

Bradford Council Statement of Group Accounts 2023-24

Introduction

The Council uses different forms of service delivery, where this is appropriate. In some cases, it has created separate companies with its partners to deliver those services. The use of separate companies means that the Council’s single entity financial statements on their own do not fully reflect the assets and liabilities, or income and expenditure associated with all of its activities. The Group Accounts show the full extent of the Authority’s wider assets and liabilities, provide transparency and enable comparison with other entities.

In line with the Code, an annual assessment of all of the Council’s interests is carried out to determine whether an entity is considered to be immaterial. As a result, 2023-24 is the first year group financial statements are produced based on such assessment. The group accounts contain core financial statements similar to those included in the Council’s single entity statements, consolidated with figures from the organisations considered to be part of the group.

This section presents the financial statements for the Group for the year-ended 31 March 2024. The group financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of subsidiaries have been aligned with the policies of the Council, where these are materially different and are made as consolidation adjustments.

The financial statements contain a number of technical accounting terms and concepts. A glossary of the major accounting terms has been provided at the end of the financial statements to help the reader’s understanding.

Bradford Council Group

Inclusion in the Bradford Council Group is dependent upon the extent of the Council’s interest and control over the entity. An assessment of all of the Council’s interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits /exposure to risks arising from such control. Subsidiaries of the Council have been considered for materiality, Bradford Live (BL) is the only subsidiary consolidated into the Council's group accounts. The Council owns 100% of BL as at 31 March 2024.

The Council maintains involvement with a number of other related entities where the assets and liabilities of the companies are not included in these Group Financial Statements, either on the basis of materiality or that the Council does not exercise control or has no significant influence over the operation of the entity. Further details are set out in Note 31, Related Parties to the Council entity accounts.

The Group Accounts include the following Statements

<u>Group Comprehensive Income and Expenditure Statement</u> – which summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accrual basis.

<u>Group Movement in Reserves Statement</u> – which shows the movement in the year on the group usable and unusable reserves.

Group Balance Sheet - reports the Group financial position at the year-end.

Group Cash Flow Statement - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

Group Comprehensive Income and Expenditure Statement

The Group CI&E summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accrual basis.

2022-23 Gross Expenditure	2022-23 Gross Income	2022-23 Net Expenditure		2023-24 Gross Expenditure	2023-24 Gross Income	2023-24 Net Expenditure	Note
£000	£000	£000		£000	£000	£000	
295,495	(142,679)	152,817	Health and Wellbeing	265,644	(100,730)	164,914	7
607,700	(397,997)	209,702	Children's Services	662,729	(383,375)	279,354	7
213,412	(67,189)	146,223	Department of Place	247,412	(82,698)	164,714	7
5,431	(490)	4,941	Chief Executive	62,531	(56,840)	5,691	7
201,532	(131,773)	69,759	Corporate	209,737	(149,897)	59,840	7
8,851	(5,482)	3,369	Non Service Budgets	15,986	(699)	15,287	7
27,846	(40,861)	(13,015)	Central Budgets	36,531	(60,129)	(23,598)	7
			Housing Revenue Account	1,614	(2,579)	(965)	
1,360,267	(786,471)	**573,796**	**Cost of services**	1,502,184	(836,947)	665,237	
		53,010	Other Operating Expenditure			35,487	8a
		58,139	Financing and Investment income and expenditure			54,858	8b
		(497,322)	Taxation and non-specific grant income			(580,351)	8d
		187,622	**Surplus (-) /Deficit on Provision of Services**			**175,231**	
		(17,504)	Surplus (-)/Deficit on revaluation of non current assets			5,577	21a
		-	Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income			(183)	
		(886,179)	Re-measurements of the net defined benefit liability			(79,896)	21d
		(903,683)	**Other Comprehensive Income and Expenditure**			**(74,502)**	
		(716,061)	**Total Comprehensive Income and Expenditure**			**100,729**	

Group Movement in Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

	General Fund Balance	Earmarked General Fund Reserves	HRA Reserve	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Authority's Share of Group Entities	Total Group Reserves
	Note 4	Note 4	Note 5	Note 5	Note 4	Note 4	Note 5 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet	Usable reserves	Note 21 & Balance Sheet
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	**68,921**	**208,731**			**159**	**60,302**	**338,113**	**(520,348)**	**(182,236)**	**-**	**(182,237)**
Movement in reserves during 2022-23											
Surplus/ (deficit) on provision of services (CIES)	(187,945)	-			-	-	(187,945)	-	(187,945)	-	(187,945)
Other Comprehensive Income and Expenditure (CIES)	-	-			-	-	-	903,683	903,683	-	903,683
Total Comprehensive Income and Expenditure	**(187,945)**	**-**			**-**	**-**	**(187,945)**	**903,683**	**715,738**	**-**	**715,738**
Adjustments between accounting basis & funding basis under regulations (note 4)	81,406	-			416	(1,561)	80,261	(80,261)	-	-	-
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**(106,540)**	**-**			**416**	**(1,561)**	(107,685)	823,422	715,737	-	715,737
Transfers to/from Earmarked Reserves (Note 5)	110,268	(110,268)				-	-		-	-	-
Increase/Decrease(-) in 2022-23	**3,728**	**(110,268)**			**416**	**(1,561)**	(107,685)	**823,422**	715,737	**-**	715,737
Balance at 31 March 2023	**72,649**	**98,463**	**-**	**-**	**575**	**58,741**	**230,427**	**303,075**	**533,502**	**4,935**	**538,437**
Movement in reserves during 2023-24											
Surplus/ (deficit) on provision of services (CIES)	(191,825)		4,603		-	-	(187,222)	-	(187,222)	11,990	(175,231)
Other Comprehensive Income and Expenditure (CIES)					-	-	-	74,502	74,502	-	74,502
Total Comprehensive Income and Expenditure	**(191,825)**	**-**	**4,603**	**-**	**-**	**-**	(187,222)	**74,502**	**(112,720)**	**11,990**	**(100,729)**
Adjustments between accounting basis & funding basis under regulations (note 4)	161,532		(4,286)	331	104	19,125	176,806	(176,806)	**-**	**7,900**	**7,900**
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**(30,293)**	**-**	**317**	**331**	**104**	**19,125**	**(10,415)**	**(102,304)**	**(112,720)**	**19,890**	**(92,829)**
Transfers to/from Earmarked Reserves (Note 5)	47,935	(48,438)	503	-	-	-	-	-	**-**	**-**	**-**
Increase/Decrease(-) in 2023-24	17,642	(48,438)	820	331	104	19,125	(10,415)	(102,305)	**(112,720)**	**19,890**	**(92,829)**
Balance at 31 March 2024	**90,291**	**50,025**	**820**	**331**	**679**	**77,866**	**220,012**	**200,770**	**420,782**	**24,825**	**445,607**

The Council's share of the group reserves includes accounting adjustments to align accounting policies for government grants. The Council's share of group reserves is split between usable reserves and unusable reserves. The unusable reserves include the amounts to align the accounting policies plus the share of other comprehensive income and expenditure of subsidiaries.

Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its consolidated subsidiary. It shows the value of group assets and liabilities at the end of the financial year.

2022-23 £000		2023-24 £000	Note
1,025,163.84	Property, Plant and Equipment	1,011,365	G2
38,986.04	Heritage Assets	38,986	11
51,341.00	Investment Property	33,765	12
295.00	Intangible assets	1,157	
3,475.00	Long term investments	3,659	13
2,179.54	Long term debtors	15,879	14
30,973.00	Defined Pension Scheme Assets	107,092	
1,152,413	**Long Term Assets**	**1,211,902**	
-	Short Term Investments	-	15
593	Assets Held for sale	434	
4,845	Inventories	4,342	
153,525	Short Term Debtors	165,834	15
64,993	Cash and Cash Equivalents	41,149	15
223,956	**Current assets**	**211,759**	
(5,819)	Cash and Cash Equivalents (Overdraft)	-	G3
(62,642)	Short term borrowing	(86,175)	15
(142,315)	Short Term Creditors	(157,042)	G3
(7,745)	Provisions	(8,194)	16
(218,521)	**Current Liabilities**	**(251,411)**	
(3,630)	Provisions	(3,129)	16
(408,149)	Long term borrowing	(528,640)	36
(58,890)	Pension Liabilities	(54,075)	18; 31
(132,834)	PFI & Other Long Term liabilities	(123,767)	19; 31
(15,908)	Capital Grants Receipts in Advance	(17,032)	20
(619,412)	**Long Term Liabilities**	**(726,643)**	
538,436	**Net Asset / (Liabilities)**	**445,607**	
(230,435)	Usable Reserves	(220,019)	5
(308,002)	Unusable Reserves	(225,590)	21
(538,436)	**Total Reserves**	**(445,607)**	

Group Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	2023-24 £000
Net surplus or (deficit) on the provision of services (Comprehensive Income and Expenditure Statement page 103)	(175,231)
Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note G4 d)	140,645
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note G4 d)	(118,501)
Net cash flows from Operating Activities	**(153,087)**
Investing Activities (Note G4 b)	(547)
Financing Activities (Note G4 c)	135,608
Net (increase) or decrease in cash and cash equivalents	**(18,026)**
Balance Sheet Movement	
Cash and cash equivalents at the beginning of the reporting period (G Balance Sheet page 105: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	59,174
Cash and cash equivalents at the end of the reporting period (Note G3) (Balance Sheet: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	41,149
Net increase or (decrease) in cash and cash equivalents	**(18,026)**

Notes to the Group Accounts

Note G1. Group Accounting Policies

The Group Financial Statements summarise the Council's and its interest in the entities over which it exercises control for the year ending 31 March 2024. It includes Bradford Live which has been consolidated because it is material to the Council's balance sheet. It has been consolidated into the Group Accounts on a line-by-line basis.

The group accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as those for the Council. The accounting policies applied to the Group Financial Statements are consistent with those set out in Note 1 to the Council's single entity accounts which are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The subsidiary entity prepares its accounts in accordance with Financial Reporting Standard 102 (FRS102). Where any differences between the Code and FRS 102 have a material effect on the presentation of the group financial statements, the subsidiary's financial statements are adjusted to reflect the group accounting policies.

There is only one material difference between the accounting policies of the group entities and the Council which require realignment. This is in relation to government grants.

Government grants

Capital grants received by Bradford Live from the Department of Digital, Culture, Media and Sport and the National Lottery Heritage Fund towards the capital cost of the Bradford Odeon project are deferred and will be released to the income and expenditure account over a period of thirty years from completion of the restoration and refurbishment of the property, consistent with the requirements of FRS 102. However, for consolidation into the Council's Group accounts the grants are recognised as income once conditions are met, in order to comply with the CIPFA Code of Practice.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council single entity accounts. Where there is no material differences, the Notes to the Council single entity accounts provide the required disclosures.

Note G2 Property Plant and Equipment

Movements on tangible non-current assets in the group during 2023/24 were as follows:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture& Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	**Total Property, Plant & Equipment £000**	PFI Assets Included in Property Plant & Equipment £000
Cost or Valuation								
At 1 April 2023	**28,351**	**568,927**	**62,762**	**56,027**	**16,944**	**61,532**	**794,543**	**33,652**
Additions	4,667	12,210	13,361	404	755	51,737	**83,134**	673
Revaluation in the Rev. Reserve	-	(12,782)	-	754	859	-	**(11,169)**	-
Revaluation. in Surplus/Deficit on the Provision of Services	-	(90,064)	-	425	(403)	-	**(90,042)**	(4,423)
Derecognition – disposals	-	(35,185)	(3,319)	-	(159)	-	**(38,663)**	(10,340)
Derecognition - other	-	(901)	-	-	(430)	-	**(1,331)**	-
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	-	**-**	-
Reclassifications	-	40,946	-	-	-	(40,959)	**(13)**	-
Other movements in cost or valuation	-	-	-	-	-	-	**-**	-
At 31 March 2024	**33,018**	**483,151**	**72,804**	**57,610**	**17,566**	**72,310**	**736,459**	**19,562**
At 1 April 2023	**(1)**	**(15,774)**	**(34,427)**	**-**	**(492)**	**-**	**(50,694)**	**(733)**
Depreciation charge	(405)	(15,247)	(8,177)	-	(32)	-	**(23,861)**	(755)
Depreciation w/o Revaluation Reserve	59	5,590	-	-	-	-	**5,649**	-
Depreciation w/o to the Surplus/Deficit on the Provision of Services	15	13,513	-	-	34	-	**13,562**	1,094
Impairment losses/ (reversals) in the Revaluation Reserve	-	-	-	-	-	-	**-**	-
Impairment in Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	**-**	-
Derecognition – disposals	-	1,231	3,278	-	32	-	**4,541**	394
Derecognition – other	-	-	-	-	-	-	**-**	-
Reclassifications – Other	-	-	-	-	-	-	**-**	-
Other movements in depreciation & impairment	-	118	-	-	9	-	**127**	-
At 31 March 2024	**(332)**	**(10,569)**	**(39,326)**	**-**	**(449)**	**-**	**(50,676)**	**-**
At 31 March 2023 – Net Book Value	**28,350**	**553,153**	**28,335**	**56,027**	**16,452**	**61,532**	**743,849**	**32,919**
At 31 March 2024 – Net Book Value	**32,686**	**472,582**	**33,478**	**57,610**	**17,117**	**72,310**	**685,783**	**19,562**

Group Assets Under Construction includes £40.4m incurred by Bradford Live in connection with the Bradford Odeon project.

Note G2a Property, Plant and Equipment (including infrastructure)

	2022-23 £000	**2023-24** £000
Infrastructure Assets	281,315	325,582
Other PPE Assets	743,849	685,783
Total	**1,025,164**	**1,011,365**

Note G3 Group Current Assets and Liabilities

Group Cash and Cash Equivalents

Cash and Cash Equivalents	**2023-24** **£000**
Cash held by the Council	48
Bank accounts	41,101
Total Cash and Cash Equivalents	**44,149**
Cash and Cash Equivalents (Overdrawn)	-
Total net Cash and Cash Equivalents (see Cashflow statement page 107)	**41,149**

Group Creditors and Receipts in Advance

Analysis of Creditors and Receipts in Advance	2023-24 £000
Amounts falling due within one year	
Central Government bodies	(16,477)
Other local authorities	(2,523)
NHS bodies	(3,134)
Other entities and individuals	(102,838)
Total	**(124,973)**
Receipts in advance	
Sundry	(24,793)
Developer's contributions	(7,276)
Total	**(32,069)**
Total Creditors and Receipts in Advance	**(157,042)**

G4 Group Cash flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

Operating activities	2023-24 £000
Interest Received	1,898
Interest paid	(37,381)
Dividends Received	577

b) Investing Activities

The cash flows for investing activities include the following items:

Investing Activities	2023-24 £000
Purchase of property, plant and equipment, investment property and intangible assets	(143,287)
Purchase of short term and long term investments	
Other payments for investing activities	(5,852)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,522
Other receipts from investing activities	144,070
Net cash flows from investing activities	**(547)**

c) Financing Activities

The cash flows for financing activities include the following items:

Financing Activities	2023-24 £000
Cash receipts of short and long term borrowing	150,398
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(8,896)
Repayments of short and long term borrowing	(8,670)
Other payments for financing activities	2,777
Net cash flows from financing activities	**135,608**

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

Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow	2023-24 £000
Net deficit (-) / surplus for year on the Comprehensive Income and Expenditure Account	**(175,231)**
Add back non cash items:	
Depreciation & impairment	39,147
Impairment, revaluation gains and losses	76,496
Amortisation	111
IAS19 Pension adjustments	(1,038)
Items on accruals basis:	
(Increase) / decrease in inventories	508
(Increase) / decrease in amounts due from Council (debtors)	(42,557)
Increase / (decrease) in amounts due to Council (creditors)	14,991
Carrying amount of disposals	35,956
Movement in provisions	52
Other non-cash items charged to the net surplus or deficit on the provision of services	16,980
Removal of non-cash items included in Deficit/Surplus on Provision of services	***140,645***
Adjustments for items included in the net surplus or deficit on the Provision of services that are investing and financing activities	
Capital Grants credited to surplus or deficit on the provision of services	(113,979)
Proceeds from the sale of property, plant and equipment, investment property	-
and intangible assets	(4,522)
Sub-total items for items included in the net surplus or deficit on the	-
provision of services that are investing and financing activities	**(118,501)**
Operating activities - net cash flow	**(153,087)**

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

Report on the audit of the financial statements

Opinion on the financial statements of West Yorkshire Pension Fund

We have audited the financial statements of West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2024; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Director of Finance with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Interim Director of Finance for the financial statements

As explained more fully in the City of Bradford Metropolitan District Council's Statement Responsibilities, the Interim Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Interim Director of Finance is also responsible for such internal control as the Interim Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Interim Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

- inquiring with management and the Governance and Audit Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

We are also required to conclude on whether the Interim Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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

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

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or

- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

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

Alastair Newall,
Key Audit Partner

For and on behalf of Forvis Mazars LLP
Forvis Mazars
One St Peter's Square
Manchester
M2 3DE

West Yorkshire Pension Fund

2022-23 £000	Fund Account	2023-24 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
527,987	Contributions receivable	521,117	*6*
36,686	Transfers in	46,694	*7*
19,820	Non-statutory pensions and pensions increases recharged	20,708	*8*
584,493		**588,519**	
(606,566)	Benefits payable	(689,430)	*9*
(19,820)	Non-statutory pensions and pensions increases	(20,708)	*8*
(29,654)	Payments to and on account of leavers	(29,548)	*10*
(656,040)		**(739,686)**	
(71,547)	**Net additions/(withdrawals) from dealing with members**	**(151,167)**	
(13,606)	Management expenses	(14,421)	*13*
(85,153)	**Net additions/(withdrawals) including management expenses**	**(165,588)**	
	Returns on investments		
498,917	Investment income	571,926	*15*
(6,363)	Taxes on income	(7,739)	*15a*
(415,959)	Profit and (losses) on disposal of and changes in value of investments	980,466	*17*
2,212	Stock lending	1,448	*17c*
78,807	**Net return on investments**	**1,546,101**	
(6,348)	**Net Increase (decrease) in the net assets available for benefits during the year**	**1,380,513**	
17,979,466	**Opening net assets of the scheme**	**17,973,118**	
17,973,118	**Closing net assets of the scheme**	**19,353,631**	

31 March 2023 £000	Net Assets Statement	31 March 2024 £000	*Note*
	Investment assets		
1,441,185	Bonds	1,549,630	*17*
10,814,133	Equities (including convertible shares)	11,463,748	*17*
674,588	Index-linked securities	998,698	*17*
4,266,556	Pooled investment vehicles	4,363,665	*17*
6,125	Direct Property	6,200	*17*
614,400	Cash deposits	760,571	*17*
37,117	Cash at bank	107,244	*17*
80,283	Other investment balances	86,310	*17*
	Investments liabilities		
(18,496)	Other investment balances	(3,048)	*17*
17,915,891	**Investments at 31 March 2024**	**19,333,018**	
	Current assets		
94,683	Debtors	68,022	*20*
	Current liabilities		
(37,456)	Creditors	(47,409)	*21*
57,227	**Net current assets and liabilities**	**20,613**	
17,973,118	**Net assets of the scheme available to fund pension benefits**	**19,353,631**	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2024. This financial statement shows the net value of assets owned by the Fund, the actuarial calculation of the present value of promised retirement benefits is provided in Note 12.

Note 1. Operations and Membership

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

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

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

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

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

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

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

Participating employers – There were 448 participating employers during the year, 39 left in the year, leaving 409 actives at 31st March 2024 (In 2022/23 there were 443 participating employers during the year, 49 left in the year leaving 394 active employers as at 31st March 2023), whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2024 is 323,414 (31st March 2023 is 319,484).

At 31 March 2023	Profile of membership	At 31 March 2024
110,704	Active members	107,102
108,631	Pensioner members	112,780
100,149	Members with preserved pensions	103,532
319,484	**Total members**	**323,414**

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 year an 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 2024

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	16.4%	2.546
2024	16.3%	1.833
2025	16.2%	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% 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	3.95% p.a.
Orphan exit funding target	N/A
Discount rate for periods after leaving service	
Secure scheduled and subsumption body funding target *	4.50% p.a.
Intermediate funding targets	
▪ Low risk	4.25% p.a.
▪ Medium risk	4.05% p.a.
▪ Higher risk	3.95% p.a.
Ongoing orphan funding target	1.60% p.a.
Orphan exit funding target	1.60% p.a.
Rate of pay increases	3.55% p.a.
Rate of increase to pension accounts	2.30% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.30% p.a.

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

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

The assets were valued at market value.

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

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

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

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

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

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

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

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

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

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

Aon Solutions UK Limited

April 2024

Note 3. Accounting policies

Basis of preparation
The statement of accounts summarises the Fund's financial activities for the 2023/24 financial year and its financial position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

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

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

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 actuarial present value, reflecting current economic conditions, demographic changes, and investment performance. With more frequent assessments, the actuary can identify and address potential funding shortfalls or surpluses sooner. This proactive approach helps in managing risks more effectively and ensures that the fund remains adequately funded to meet its obligations. 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

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

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

Movement in the net market value of investments
Changes in the net market value of investments (including investment properties) are recognised as income when positive (profits) and as expenditure when negative (losses). This comprises of all realised and unrealised profits/losses during the accounting period.

Taxation
The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

Financial assets
All our financial assets consist of ordinary equity shares, bonds, properties, pooled investment vehicles and cash deposits. 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 2024 but not settled until later are accrued in the accounts.

Note 4. Critical judgments and estimations in applying accounting policies

In applying the accounting policies set out in Note 3 above, WYPF has had to make certain critical judgements and 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. Financial investments categorised as Level 1 are valued using quoted market prices in active markets, with frequent trades that provide continuous pricing data. Level 1 assets are highly liquid and there is minimal judgement applied in determining fair value.

Financial investments categorised as Level 2 are valued using quoted prices on a recognised stock exchange, but are not actively traded daily. Level 2 assets are not traded as actively as Level 1 assets. Fair value requires more judgement as the value can be influenced by market conditions between the date of the last trade and the year end.

The fair value of financial investments categorised as level 3 is determined using the latest investor reports and capital statements provided by the general partners, adjusted for cash flow after the date of the general partners’ report. These require management judgement and contain significant estimation uncertainty. Reliance is placed on general partners to perform these valuations and further due diligence is performed by the Fund to maintain confidence in the data provided. For directly held investment properties we use surveyors’ valuation report. The total value of level 3 investment is £3,527m at 31 March 2024. This consist 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 2024/25 reporting period by £467m 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 events since 31 March 2024.

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

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 judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The current position in relation to local government pension schemes (LGPS) is that actuarial confirmations for all amendments have not yet been located. The most recent update was in July 2024 from the Government’s Actuary Department (GAD) and included the following information:

- Relevant certificates have been located in respect of the 2014 reforms.
- 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 in order locate 2008 certificate.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms might also be located from archive.

Note 6. Contributions receivable by category:

Contributions from employers and employees:

31 March 2023 £000	Analysis of contributions receivable	31 March 2024 £000
381,697	Employers	362,480
146,290	Members	158,637
527,987	**Total contributions receivable**	**521,117**

Contributions by type of employer:

31 March 2023 £000	Analysis by type of employer	31 March 2024 £000
63,702	Administering Authority	41,457
426,338	Scheduled bodies	439,830
37,947	Admitted bodies	39,830
527,987	**Total contributions receivable**	**521,117**

Contributions are further analysed by type of contribution:

31 March 2023 £000	Contributions receivable by type	31 March 2024 £000
139,825	Employees normal contributions	150,869
6,464	Employees additional contributions	7,768
379,905	Employers normal contributions	359,927
1,793	Employers deficit contributions	2,553
527,987	**Total contributions receivable**	**521,117**

Employers' contribution rates and deficit contributions

Employer contributions receivable in 2023-24 were based on 31 March 2022 triennial valuation. At each triennial valuation (latest 31 March 2022) the Actuary calculates an employer rate for each employer. In addition to this some employers are also required to pay an additional monetary amount to cover any past service deficit, which is recoverable over an appropriate period.

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. The rates for 2023/24 and 2022/23 based on pay in the financial year are provided below.

2023/24 Pay	2022/23 Pay	Contribution rate
Up to £16,500	Up to £15,000	5.5%
£16,501 to £25,900	£15,001 to £23,600	5.8%
£25,901 to £42,100	£23,601 to £38,300	6.5%
£42,101 to £53,300	£38,301 to £48,500	6.8%
£53,301 to £74,700	£48,501 to £67,900	8.5%
£74,701 to £105,900	£67,901 to £96,200	9.9%
£105,901 to £124,800	£96,201 to £113,400	10.5%
£124,801 to £187,200	£113,401 to £170,100	11.4%
£187,201 or more	£170,101 or more	12.5%

Note 7. Transfers in

31 March 2023 £000	Transfers in from other pension funds	31 March 2024 £000
36,686	Individual transfers in from other schemes	43,843
0	Bulk transfer in from other schemes	2,851
36,686	**Total transfers in**	**46,694**

Note 8. Non-statutory pensions and pensions increase recharged

31 March 2023 £000	Non-statutory pensions and pensions increase recharged	31 March 2024 £000
19,820	Pensions	20,708
19,820	**Total Pensions**	**20,708**

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. Costs of annual inflation proofing for non-participating employers are also recharged.

Note 9. Benefits payable

31 March 2023 £000	Analysis of benefits payable	31 March 2024 £000
	Funded pensions	
(451,922)	Retired employees	(508,151)
(35,227)	Dependants	(39,331)
	Funded lump sums	
(102,880)	On retirement	(124,426)
(16,537)	On death	(17,522)
(606,566)	**Total Benefits Payable**	**(689,430)**

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

31 March 2023 £000	Analysis of benefits payable by member body	31 March 2024 £000
(91,467)	Administering Authority	(100,370)
(455,218)	Scheduled bodies	(519,085)
(59,881)	Admitted bodies	(69,975)
(606,566)	**Total benefits payable**	**(689,430)**

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

31 March 2023 £000	Analysis of benefits payable by member body	31 March 2024 £000
(1,840)	Refund of contributions	(2,384)
(27,814)	Individual transfers out to other schemes	(27,164)
(29,654)	**Total transfers out**	**(29,548)**

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:

31 March 2023 £000	Additional voluntary contributions	31 March 2024 £000
34,531	Value of funds at 1st April	45,264
9,999	Contributions received	12,926
461	Transfers and withdrawals	110
6,561	Interest and bonuses / change in market value of assets	4,457
(6,271)	Sale of investments to settle benefits due to members	(7,358)
45,281	**Value of fund at 31st March**	**55,400**

The aggregate amounts of AVC investments are:

31 March 2023 £000	AVC investments	31 March 2024 £000
1,657	Utmost	1,493
35,159	Prudential	45,281
8,465	Scottish Widows	8,626
45,281	**Total**	**55,400**

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 WYPF which is part of the Local Government Pension Scheme.

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

Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2023/24 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2024, together with the results as at 31 March 2022 (which is the date of the last full actuarial valuation) are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

	Value as at 31 March 2024 £M	Value as at 31 March 2022 £M
Fair value of net assets	19,353.6	17,979.5
Actuarial present value of the defined benefit obligation	17,408.1	24,016.4
Surplus / (deficit) in the Fund as measured for IAS 26 purposes	**1,945.5**	**(6,036.9)**

Assumptions

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

	31 March 2024	31 March 2022
Duration of Liabilities (years)	16.7	19.8
Discount rate	4.80%	2.70%
CPI inflation [1 2]	2.60%	3.00%
Salary increases [3]	3.85%	4.25%

(1) Pension increases in excess of Guaranteed Minimum Pension 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 29 February 2024) which will influence the pension increase as at April 2025.

(3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the relevant valuation of the Fund. We have also allowed for the impact of the National Joint Council Pay settlement over 2023/24 at an average rate of 7.0%.

Principal demographic assumptions

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

	31 March 2024	31 March 2022
Males		
Future lifetime from age 65 (pensioners aged 65)	21.0	21.5
Future lifetime from age 65 (actives aged 45)	22.3	22.8
Females		
Future lifetime from age 65 (pensioners aged 65)	24.2	24.5
Future lifetime from age 65 (actives aged 45)	25.2	25.6

Notes

1. The mortality projection model has been updated between 2022 and 2024 as set out in the Assumptions Advice. In summary the projection model has been updated from CMI_2021 (used for the 2022 valuation) to CMI_2022 (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 2022 valuation. Assumptions for the rates of the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the Fund, which are detailed in the actuary's valuation report.

Key risks associated with reporting under IAS 26 and sensitivity

Volatility of results

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

For example:

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

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 account position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

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

Sensitivity Analysis

Discount rate assumption		
Adjustment to discount rate assumption	**+0.1%** **£M**	**(0.1%)** **£M**
£ change to present value of the defined benefit obligation	(288.3)	293.2
% change in present value of defined benefit obligation	(1.7%)	1.7%
Rate of general increase in salaries		
Adjustment to salary increase rate assumption	**+0.1%** **£M**	**(0.1%)** **£M**
£ change to present value of the defined benefit obligation	31.9	(31.6)
% change in present value of defined benefit obligation	0.2%	(0.2%)

Rate of increase to pensions and rate of revaluation of pension accounts		
Adjustment to pension increase rate assumption	**+0.1%** **£M**	**(0.1%)** **£M**
£ change to present value of the defined benefit obligation	261.3	(256.7)
% change in present value of defined benefit obligation	1.5%	(1.5%)

Post retirement mortality assumption		
Adjustment to mortality age rating assumption	**-1 year** **£M**	**1 year** **£M**
£ change to present value of the defined benefit obligation	(477.3)	487.4
% change in present value of defined benefit obligation	(2.7%)	2.8%

Comparison with funding valuation

The results of the IAS 26 valuation will differ from results of the latest triennial actuarial valuation. This section explains the main reasons for these differences, together with a reconciliation of the 2022 valuation to the 2022 IAS 26 result, and a reconciliation from the 2024 funding update to the 2024 IAS 26 result.

Purpose of each exercise

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

Who makes the key decisions?

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

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

Assumptions used to value the liabilities

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

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

IAS 19 (the guidance on the assumptions to use under IAS 26) requires the discount rate to be based on the current rate of return on high quality corporate bonds of equivalent term to the Fund’s liabilities. High quality corporate bonds are interpreted to be bonds with at least an 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 IAS 26 Results 9 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 2024).

Roll-forward method / different calculation dates.

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

Reconciliation of IAS 26 liabilities to the funding liabilities

The below tables set out the difference between the IAS 26 valuation and funding valuation measured at two different dates (31 March 2022, the date of the latest funding valuation, and 31 March 2024, the current reporting date).

Comparison as at 31 March 2022

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

Comparison as at 31 March 2024

	Comment moving from funding to IAS 26	£M
Funding Liability at 31 March 2024 (from funding update report)		**17,490.0**
Impact of change due to:		
Discount rate assumption	Higher IAS 19 discount rate discount rate (increase from 4.45%* to 4.8%)	(1,318.1)
Inflation assumption **	Higher IAS 19 CPI assumption (increase from 2.1% to 2.6%)	1,406.0
Mortality improvement assumptions	Updated IAS 26 projection model from CMI_2021 to CMI_2022	(268.4)
Allowance for short term high inflation	Removing the 10% uplift to valuation liabilities and replacing with known experience to date	98.6
IAS 26 Liability at 31 March 2024		**17,408.1**

Notes (both tables)

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

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

Note 13. Management expenses

31 March 2023 £000		31 March 2024 £000
(5,275)	Administration costs	(5,824)
(7,322)	Investment Management expenses	(7,141)
(1,009)	Oversight and Governance	(1,456)
(13,606)	**Total administrative expenses**	**(14,421)**

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Management Expenses above includes a statutory audit fee of £47.4k (2022/23 £37.4k) which is included in Oversight and Governance. There were no fees chargeable to the fund for work undertaken at the request of employer auditors in 2023/24. Fees payable for this work in 2022/23 was £28k and this was recharged to the relevant employers.

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 2023/24 reporting period was £13.5k (2022/23 £100.8k). The estimated provision for 2023/24 was £15k and the brought forward estimated provision from 2022/23 was £19.2k.

Note 14. Investment management expenses

31 March 2024	Management fees £000	Transaction costs £000	Total £000
Bonds	464	0	464
Equities	3,436	754	4,190
Index-linked securities	272	0	272
Pooled investment vehicles	1,308	304	1,612
Direct property	2	0	2
Cash deposits	260	0	260
	5,742	**1,058**	**6,800**
Custody fees			341
Total			**7,141**

31 March 2023	Management fees £000	Transaction costs £000	Total £000
Bonds	435	3	438
Equities	3,261	1,160	4,421
Index-linked securities	203	0	203
Pooled investment vehicles	1,287	501	1,788
Direct property	2	0	2
Cash deposits	216	0	216
	5,404	**1,664**	**7,068**
Custody fees			**254**
Total			**7,322**

Investment expenses are included 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 directly are managed by a team of internal investment managers and as such we do not incur any performance fees.

Note 15. Investment income

31 March 2023 £000		31 March 2024 £000
47,294	Income from bonds	54,817
358,970	Dividends from equities	356,799
3,954	Income from index-linked securities	4,866
72,852	Income from pooled funds	103,968
566	Income from direct property	420
15,281	Interest on cash deposits	51,056
498,917	**Total investment income**	**571,926**

Note 15a. Tax on income

31 March 2023 £000		31 March 2024 £000
(12,122)	Tax on dividends	(12,333)
5,759	Investment tax reclaim	4,594
(6,363)	**Total**	**(7,739)**

Note 16. Direct Property Holdings

31 March 2023 £000		31 March 2024 £000
7,350	**Opening balance**	6,125
	Additions:	
(1,225)	Net Increase/ decrease in market value	75
6,125	**Closing value**	**6,200**

Note 17. Investments

Note 17a.Movement in the value of investments in 2023-24

	Opening value at 1 April 2023 £000	Purchases costs £000	Sales proceeds £000	Change in Market value £000	Closing value at 31 March 2024 £000
Financial Assets					
Bonds	1,441,185	854,135	(736,922)	(8,768)	1,549,630
Equities	10,814,133	512,847	(613,639)	750,407	11,463,748
Index linked securities	674,588	530,021	(194,973)	(10,938)	998,698
Pooled funds	4,266,556	393,480	(525,340)	228,969	4,363,665
Direct property	6,125	0	0	75	6,200
	17,202,587	**2,290,483**	**(2,070,874)**	**959,745**	**18,381,941**
Cash Debtors Creditors		**Increase**	**Decrease**	**Currency movement**	
Cash deposits	614,400	125,450	0	20,721	760,571
Cash at bank	37,117	70,127	0	0	107,244
Other investment debtors	80,283	6,027	0	0	86,310
Other investment creditors	(18,496)	0	15,448	0	(3,048)
	713,304	**201,604**	**15,448**	**20,721**	**951,077**
Total investments	**17,915,891**	**2,492,087**	**(2,055,426)**	**980,466**	**19,333,018**

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

Movement in the value of investments in 2022-23

	Opening value at 1 April 2022 £000	Purchases costs £000	Sales proceeds £000	Change in Market value £000	Closing value at 31 March 2023 £000
Financial Assets					
Bonds	1,402,820	129,755	(302,277)	210,887	1,441,185
Equities	10,867,442	393,908	(20,755)	(426,462)	10,814,133
Index linked securities	755,940	29,162	(69,689)	(40,825)	674,588
Pooled funds	4,251,295	264,220	(87,491)	(161,468)	4,266,556
Direct property	7,350	0	0	(1,225)	6,125
	17,284,847	**817,045**	**(480,212)**	**(419,093)**	**17,202,587**
Cash Debtors Creditors		**Increase**	**Decrease**	**Currency movement**	
Cash deposits	556,926	54,340	0	3,134	614,400
Cash at bank	6,230	30,887	0	0	37,117
Other investment debtors	61,580	0	18,703	0	80,283
Other investment creditors	(43)	(18,453)	0	0	(18,496)
	624,693	**66,774**	**18,703**	**3,134**	**713,304**
Total investments	**17,909,540**	**883,819**	**(461,509)**	**(415,959)**	**17,915,891**

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 that 5% of market value of the total asset holding as at 31/03/2024 and 31/03/2023.

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.

b. Analysis of Investments by security type

At 31 March 2023 £000	Analysis of investments closing market values	At 31 March 2024 £000
	Bonds:	
721,918	Public sector quoted	815,285
719,267	Other quoted	734,345
1,441,185		**1,549,630**
10,814,133	**Equities**	**11,463,748**
674,588	**Index linked securities**	**998,698**
	Pooled funds:	
144,142	Hedge funds	159,306
593,475	Property	558,324
983,903	Equity	1,079,231
1,318,376	Private equity	1,301,658
1,226,660	Private equity infrastructure	1,265,146
4,266,556		**4,363,665**
6,125	**Direct Property**	**6,200**
614,400	**Cash deposits**	**760,571**
37,117	**Cash in bank**	**107,244**
80,283	**Other Investment assets**	**86,310**
(18,496)	**Other Investment liabilities**	**(3,048)**
17,915,891	**Total**	**19,333,018**

c. Stock Lending

2022-23 £000	Analysis of stock lending	2023-24 £000
	Income	
368	- Bonds	312
327	- UK equities	201
1,611	- International equities	1,247
(94)	Expenditure	(312)
2,212	**Total**	**1,448**

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

As at 31 March 2023, the value of stock on loan was £832 million. Equivalent to 4.64% of the total value of the assets. The stock on loan was covered by collateral valued at £887 million.

Note 18. Fair Value – Basis of valuation

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

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Quoted equities	Level 1	**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	Level 1	**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	Level 1	**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

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investment-overseas unit trusts and quoted property funds	Level 2	**Quoted equities** that are listed on a recognised stock exchange, but are not actively traded daily, these are valued at the quoted bid price at the valuation date.	Observable inputs - bid prices on stock exchanges.	Not required
All unquoted, delisted or suspended assets, pooled investments - hedge funds, unit trusts and property funds	Level 3	**Unquoted equities** these are valued based on either of these methods: a) Valued based on the latest investor capital statement or the latest net asset value (NAV) supplied by general partners, adjusted for cash flow after the date of the capital statement or NAV. b) Valued based on the latest unit redemption price (bid price) supplied by general partners. **Delisted equities** are valued at nil. **Suspended equities** are valued at the latest bid price at the date of valuation.	Unobservable inputs - a) Private net asset statements supplied by general partners. b) Bid (redemption) prices supplied general partners. Zero valuation based on prudence. Observable inputs -latest quoted prices, classified as Level 3, based on prudence.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.
Freehold and leasehold properties	Level 3	**Freehold properties** are valued at fair value at the year-end by CBRE independent valuers- in accordance with the RICS Valuation – Global Standards 2022 which incorporate the International Standards and the RICS Valuation – Professional Standards UK 2022 (revised November 2021) ("The Red Book").	Observable inputs - valuation certificates provided by RICS valuers.	Changes in rental growth, vacancy levels or discount rates could affect valuations.

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.

	Assessed valuation range (+/-)	Value at 31 March 2024	Value on increase	Value on decrease
		£000	**£000**	**£000**
Pooled investments - hedge funds	13.96%	159,195	181,418	136,971
Property funds	13.96%	558,324	636,266	480,382
Direct property	13.96%	6,200	7,066	5,335
Private equity inc NLGPS	13.96%	2,566,804	2,925,130	2,208,478
Other assets	3.45%	236,200	244,349	228,051
		3,526,723	**3,994,228**	**3,059,217**

2022/23 sensitivity analysis figures:

	Assessed valuation range (+/-)	Value at 31 March 2023	Value on increase	Value on decrease
		£000	**£000**	**£000**
Pooled investments - hedge funds	16.00%	144,000	167,040	120,960
Property funds	13.70%	593,475	674,782	512,169
Direct property	9.90%	6,125	6,731	5,519
Private equity inc NLGPS	7.50%	2,545,036	2,735,913	2,354,158
Other assets	1.60%	114,202	116,029	112,375
		3,402,837	**3,700,495**	**3,105,180**

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

Level 2 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 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.

Valuation hierarchy as at 31st March 2024

At 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit & loss	14,329,982	525,236	3,520,523	18,375,741
Financial assets at amortised cost	1,022,146	0	0	1,022,146
Total financial assets	**15,352,128**	**525,236**	**3,520,523**	**19,397,887**
Non financial assets at fair value through profit and loss				
Property	0	0	6,200	6,200
Financial liabilities				
Financial liabilities at amortised cost	(50,456)	0	0	(50,456)
Total financial liabilities	**(50,456)**	**0**	**6,200**	**(44,256)**
	15,301,672	**525,236**	**3,526,723**	**19,353,631**

Valuation hierarchy as at 31st March 2023

At 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit & loss	13,223,883	575,867	3,396,712	17,196,462
Financial assets at amortised cost	826,483	0	0	826,483
Total financial assets	**14,050,366**	**575,867**	**3,396,712**	**18,022,945**
Non financial assets at fair value through profit and loss				
Property	0	0	6,125	6,125
Financial liabilities				
Financial liabilities at amortised cost	(55,952)	0	0	(55,952)
Total financial liabilities	**(55,952)**	**0**	**6,125**	**(49,827)**
	13,994,414	**575,867**	**3,402,837**	**17,973,118**

Reconciliation of fair value measurements within level 3

	Market value 01-Apr-23 £000	Purchases £000	Sales £000	Realised Gains/(Losses) £000	Unrealised Gains/(Losses) £000	Market value 31-Mar-24 £000
Pooled investments - Hedge funds	144,000	10,000	(10,000)	0	15,195	159,195
Property funds	593,475	75,856	58,841	40,730	(210,578)	558,324
Direct property	6,125	0	0	0	75	6,200
Private equity (inc NLGPS)	2,545,036	512,474	(107,194)	68,091	(451,603)	2,566,804
Other assets	114,202	171,705	(69,961)	(467)	20,721	236,200
	3,402,837	**770,035**	**(128,314)**	**108,354**	**(626,190)**	**3,526,723**

	Market value 01-Apr-22 £000	Purchases £000	Sales £000	Realised Gains/(Losses) £000	Unrealised Gains/(Losses) £000	Market value 31-Mar-23 £000
Pooled investments - Hedge funds	124,146	0	0	0	19,854	144,000
Property funds	717,807	59,794	(27,091)	12,459	(169,494)	593,475
Direct property	7,350	0	0	0	(1,225)	6,125
Private equity (inc NLGPS)	2,283,167	140,137	(270,733)	60,738	331,727	2,545,036
Other assets	10,616	9,223	(57,797)	(361)	152,521	114,202
	3,143,086	**209,154**	**(355,621)**	**72,836**	**333,382**	**3,402,837**

Note 19. Financial instruments – classification

The following table analyses the carrying amounts of the financial assets and liabilities by category and by net assets statement heading as at 31st March 2024. The table also includes Direct Property (non-financial instrument) for completeness.

31st March 2024	**Fair value through profit & loss £000**	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**	**Total financial instruments £000**
Financial Assets				
Bonds	1,549,630	0	0	1,549,630
Equities	11,463,748	0	0	11,463,748
Index-linked securities	998,698	0	0	998,698
Pooled investment vehicles	4,363,665	0	0	4,363,665
Cash deposits		760,571	0	760,571
Cash at bank		107,244	0	107,244
Other investment balances	0	86,310	0	86,310
Debtors	0	68,022	0	68,022
Total financial assets	**18,375,741**	**1,022,147**	**0**	**19,397,888**
Financial Liabilities				
Other investment balances	0	0	(3,048)	(3,048)
Creditors	0	0	(47,409)	(47,409)
Total financial liabilities	**0**	**0**	**(50,457)**	**(50,457)**
Total	**18,375,741**	**1,022,147**	**(50,457)**	**19,347,431**
Non-Financial instrument assets				
Direct Property	6,200	0	0	6,200
Total	**18,381,941**	**1,022,147**	**(50,457)**	**19,353,631**

31st March 2023	**Fair value through profit & loss £000**	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**	**Total financial instruments £000**
Financial Assets				
Bonds	1,441,185	0	0	1,441,185
Equities	10,814,133	0	0	10,814,133
Index-linked securities	674,588	0	0	674,588
Pooled investment vehicles	4,266,556	0	0	4,266,556
Cash deposits		614,400	0	614,400
Cash at bank		37,117	0	37,117
Other investment balances	0	80,283	0	80,283
Debtors	0	94,683	0	94,683
Total financial assets	**17,196,462**	**826,483**	**0**	**18,022,945**
Financial Liabilities				
Other investment balances	0	0	(18,496)	(18,496)
Creditors	0	0	(37,456)	(37,456)
Total financial liabilities	**0**	**0**	**(55,952)**	**(55,952)**
Total	**17,196,462**	**826,483**	**(55,952)**	**17,966,993**
Non-Financial instrument assets				
Direct Property	6,125	0	0	6,125
Total	**17,202,587**	**826,483**	**(55,952)**	**17,973,118**

Note 20. Current assets

At 31-Mar-2023 £000		At 31-Mar-2024 £000
	Debtors	
58,168	Contributions due from employees and employers	40,663
36,515	Other debtors	27,359
94,683	**Total current assets**	**68,022**

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

Note 21. Current liabilities

At 31-Mar-2023 £000		At 31-Mar-2024 £000
	Creditors	
(14,918)	Unpaid benefits	(15,100)
(22,538)	Other current liabilities	(32,309)
(37,456)	**Total current liabilities**	**(47,409)**

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 2023/24, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £604k in respect of support services provided (£559k in 2022/23). The support costs include a full year support for financial systems, payroll, HR, legal, internal audit and information technology services.

Employers
Employers are related parties in so far as they pay contributions to the fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in note 27 of this report. Contributions owed by employers in respect of March 2024 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 and the Joint Advisory Group. Six of these members are in receipt of pension benefits from the Fund.

There have been no material transactions between any member or their families and the Pension Fund. This was also the case for 2022/23.

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 2022/23.

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 £426k (2022/23 £289k). 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/publications/policy-home/wypf-index/investment-strategy-statement/

And

https://www.wypf.org.uk/publications/policy-home/wypf-index/funding-strategy-statement/

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 overseas companies, and a range of unit trusts and managed funds.

Risk is controlled by reviewing on a continuous basis the risk attached to the Fund's asset allocation relative to the fund-specific benchmark, to ensure that any major divergence from the benchmark is acceptable.

Custodian risk is controlled through continuous monitoring and periodic review of the custodial arrangements.

Risk is also monitored in relation to the funding position of the Fund and the investment requirements that flow from it, in conjunction with the Fund's actuary.

Counter-party and cash management risk 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 2023/24 reporting period.

Asset type	2023-24 Potential market movement +/- (%pa)	2022-23 Potential market movement +/- (%pa)
UK bonds	8.61	8.40
Overseas bonds	8.61	1.00
UK index-linked	8.61	22.20
Overseas index-linked	8.61	22.20
UK equities	13.96	0.80
Overseas equities	13.96	3.60
Pooled funds UK equities	13.96	0.80
Pooled funds overseas Equities	13.96	3.60
Pooled funds UK properties	13.96	13.70
Pooled funds overseas properties	13.96	13.70
Pooled funds UK hedge fund	13.96	16.00
Pooled funds UK private equities	13.96	7.50
Pooled funds overseas private equities	13.96	7.50
Pooled funds UK private equity infrastructure	13.96	12.20
Pooled funds overseas private equity infrastructure	13.96	12.20
Direct property	13.96	9.90
Cash certificate of deposits	3.45	1.60
Cash bank	3.45	1.60
Other investment assets	3.45	1.60
Other investment liabilities	3.45	1.60

Asset type	Value as at 31-Mar-24 £000	Value as at 31-Mar-23 £000
UK bonds	1,028,460	918,431
Overseas bonds	521,170	522,755
UK index-linked	897,500	570,141
Overseas index-linked	101,198	104,447
UK equities	4,709,758	4,778,201
Overseas equities	6,753,991	6,035,931
Pooled funds UK equities	463,483	441,165
Pooled funds overseas Equities	615,748	542,738
Pooled funds UK properties	489,448	491,878
Pooled funds overseas properties	46,269	82,910
Pooled funds UK hedge fund	159,306	144,142
Pooled funds UK private equities	967,198	887,167
Pooled funds overseas private equities	357,067	449,896
Pooled funds UK private equity infrastructure	1,060,652	1,031,438
Pooled funds overseas private equity infrastructure	204,493	195,222
Direct property	6,200	6,125
Cash certificate of deposits	760,571	614,400
Cash bank	107,244	37,117
Other investment assets	86,310	80,283
Other investment liabilities	(3,048)	(18,496)
Total Investment Assets	**19,333,018**	**17,915,891**

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

Asset type	Value as at 31-Mar-24 £000	Percentage change %	Value on increase £000	Value on decrease £000
UK bonds	1,028,460	8.61	1,117,010	939,910
Overseas bonds	521,170	8.61	566,043	476,297
UK index-linked	897,500	8.61	974,775	820,225
Overseas index-linked	101,198	8.61	109,911	92,485
UK equities	4,709,758	13.96	5,367,240	4,052,276
Overseas equities	6,753,991	13.96	7,696,848	5,811,134
Pooled funds UK equities	463,483	13.96	528,185	398,781
Pooled funds overseas Equities	615,748	13.96	701,706	529,790
Pooled funds UK properties	489,448	13.96	557,775	421,121
Pooled funds overseas properties	46,269	13.96	52,728	39,810
Pooled funds UK hedge fund	159,306	13.96	181,545	137,067
Pooled funds UK private equities	967,198	13.96	1,102,219	832,177
Pooled funds overseas private equities	357,067	13.96	406,914	307,220
Pooled funds UK private equity infrastructure	1,060,652	13.96	1,208,719	912,585
Pooled funds overseas private equity infrastructure	204,493	13.96	233,040	175,946
Direct property	6,200	13.96	7,066	5,334
Cash certificate of deposits	760,571	3.45	786,811	734,331
Cash bank	107,244	3.45	110,944	103,544
Other investment assets	86,310	3.45	89,288	83,332
Other investment liabilities	(3,048)	3.45	(3,153)	(2,943)
Total Investment Assets	**19,333,018**		**21,795,614**	**16,870,422**

Asset type	Value as at 31-Mar-23 £000	Percentage change %	Value on increase £000	Value on decrease £000
UK bonds	918,431	8.40	995,579	841,283
Overseas bonds	522,755	1.00	527,983	517,527
UK index-linked	570,141	22.20	696,712	443,570
Overseas index-linked	104,447	22.20	127,634	81,260
UK equities	4,778,201	0.80	4,816,427	4,739,975
Overseas equities	6,035,931	3.60	6,253,225	5,818,637
Pooled funds UK equities	441,165	0.80	444,694	437,636
Pooled funds overseas Equities	542,738	3.60	562,277	523,199
Pooled funds UK properties	491,878	13.70	559,265	424,491
Pooled funds overseas properties	82,910	13.70	94,269	71,551
Pooled funds UK hedge fund	144,142	16.00	167,205	121,079
Pooled funds UK private equities	887,167	7.50	953,705	820,629
Pooled funds overseas private equities	449,896	7.50	483,638	416,154
Pooled funds UK private equity infrastructure	1,031,438	12.20	1,157,273	905,603
Pooled funds overseas private equity infrastructure	195,222	12.20	219,039	171,405
Direct property	6,125	9.90	6,731	5,519
Cash certificate of deposits	614,400	1.60	624,230	604,570
Cash bank	37,117	1.60	37,711	36,523
Other investment assets	80,283	1.60	81,568	78,998
Other investment liabilities	(18,496)	1.60	(18,792)	(18,200)
Total Investment Assets	**17,915,891**		**18,790,373**	**17,041,409**

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 council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

At 31-Mar-2023 £000	Asset type	At 31-Mar-2024 £000
1,441,186	Bonds	1,549,630
614,400	Cash deposits	760,571
37,117	Cash at bank	107,244
2,092,703	**Total**	**2,417,445**

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. The assumed interest rate volatility is 311 basis point (BPS) for 2023/24 (210 BPS in 2022/23).

The analysis that follows assumes increase in interest rates from 210 basis points to 311 basis points 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 +/- 311 BPS change in interest rates.

Asset type	Value at 31-Mar-2024 £000	Value on Increase +311BPS £000	Value on decrease -311BPS £000
Bonds	1,549,630	1,597,823	1,501,437
Cash deposits	760,571	784,225	736,917
Cash at bank	107,244	110,579	103,909
Total change in assets available	**2,417,445**	**2,492,627**	**2,342,263**

Asset type	Value at 31-Mar-2023 £000	Value on Increase +210BPS £000	Value on decrease -210BPS £000
Bonds	1,441,186	1,471,451	1,410,921
Cash deposits	614,400	627,302	601,498
Cash at bank	37,117	37,896	36,338
Total change in assets available	**2,092,703**	**2,136,649**	**2,048,757**

c) Currency risk

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

The following tables summarise the Fund's currency exposure as at 31 March 2024 and 31 March 2023:

Currency exposure - asset type	Value as at 31-Mar-2024 £000	Value as at 31-Mar-2023 £000
Overseas bonds	521,170	522,755
Overseas index-linked	101,198	104,447
Overseas equities	6,753,991	6,035,931
Pooled funds overseas Equities	615,748	542,738
Pooled funds overseas properties	46,269	82,910
Pooled funds overseas private equities	357,067	449,896
Pooled funds overseas private equity infrastructure	204,493	195,222
Total overseas assets	**8,599,936**	**7,933,899**

Currency risk – sensitivity analysis

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be 3.0%, (2022/23 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 at 31-Mar-24 £000	Value on increase £000	Value on decrease £000
Overseas bonds	521,170	536,805	505,535
Overseas index-linked	101,198	104,234	98,162
Overseas equities	6,753,991	6,956,611	6,551,371
Pooled funds overseas Equities	615,748	634,220	597,276
Pooled funds overseas properties	46,269	47,657	44,881
Pooled funds overseas private equities	357,067	367,779	346,355
Pooled funds overseas private equity infrastructure	204,493	210,628	198,358
Total overseas assets	**8,599,936**	**8,857,934**	**8,341,938**

Asset type	Value at 31-Mar-23 £000	Value on increase £000	Value on decrease £000
Overseas bonds	522,755	538,438	507,072
Overseas index-linked	104,447	107,580	101,314
Overseas equities	6,035,931	6,217,009	5,854,853
Pooled funds overseas Equities	542,738	559,020	526,456
Pooled funds overseas properties	82,910	85,397	80,423
Pooled funds overseas private equities	449,896	463,393	436,399
Pooled funds overseas private equity infrastructure	195,222	201,079	189,365
Total overseas assets	**7,933,899**	**8,171,916**	**7,695,882**

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 selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

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

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

At 31 March 2024 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31-Mar-2024 £000	Un-drawn commitments £000
Private equity	2,566,804	1,352,631
Property funds	558,324	25,041
Total	**3,125,128**	**1,377,672**

At 31st March 2023 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31-Mar-2023 £000	Un-drawn commitments £000
Private equity	2,545,036	1,609,462
Property funds	593,475	59,200
Total	**3,138,511**	**1,668,662**

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 24/25:

- **IFRS 16 Leasing**

From 1st April 2024, accounting standard IFRS 16 Leases will be replacing the previous lease accounting standards and introduces an accounting model based on 'right of use' assets on the Balance Sheet for all leases where the Pension Fund is the lessee (except where short-term or low value) with a corresponding liability, measuring the value of the right of use over the remaining term.

The main impact of IFRS 16 Leases for the Pension Fund is expected to be where the Fund is the lessee and currently holds operating leases under IAS 17 which are treated as revenue. The Fund does not hold any such lease arrangements.

In addition, IFRS16 impacts on the measurement of PFI contracts. The Fund does not hold any PFI contracts.

- **IFRS 16 Lease Liability in a Sale and Leaseback** (Amendments to IFRS 16) issued in September 2022 clarifies the measurement of the lease liability in a sale and leaseback scenario. This clarification is not anticipated to materially impact on the Pension Fund's financial statements.

- **Classification of Liabilities as Current or Non-current** (Amendments to IAS 1) issued in October 2022. Further classification of liabilities as current or non-current and improve the information provided where the Pension Fund has a non-current liability with a covenant. This clarification is not anticipated to materially impact on the Pension Fund's financial statements.

- **Non-current liabilities with covenants** (Amendments to IAS 1) issued in October 2022 - this applies where an entity has the right to defer settlement for at least 12 months subject to compliance with covenants. This clarification is not anticipated to materially impact on the Pension Fund's financial statements.

- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023, which applies to multinational groups. This does not affect the Pension Fund as it does not fall within scope.

Note 26. Investment Strategy Statement

The West Yorkshire Pension Fund has prepared an Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013. Full details of the ISS and the FSS are included in this report and are available on the Fund's website
https://www.wypf.org.uk/wypf/wypf-documents-and-boards/

Note 27. List of Participating Employers Contributing to the Fund
In 2023/24 448 employers paid contributions into the Fund, at the end of the year there were 409 employers with active members.

PARTICIPATING EMPLOYERS		
Bradford M.D.C	Bradford Children and Families Trust Ltd	CBRE Managed Services Limited
Leeds City Council	Bradford College	Chief Constable For West Yorkshire
Calderdale M.B.C	Bradford Diocesan Academies Trust	Churchill Contract Services (Outwood Grange Academies Trust)
Kirklees M.C	Bradford District Credit Union	Churchill Contract Services Ltd (West Yorkshire Fire & Rescue)
Wakefield M.D.C	Bradshaw Primary School	Clapgate Primary School
Abbey Multi Academy Trust	Bramley St Peters C of E School	Clayton Parish Council
Accomplish MAT	Brighouse Academy	Coalfields Regeneration Trust
Accord Multi Academy Trust	Brigshaw Learning Partnership	Cockburn Multi Academy Trust
Ackworth Parish Council	Brodetsky Jewish (VA) Primary School	Collaborative Learning Trust
Addingham Parish Council	Bronte Academy Trust	Collingham Lady Elizabeth Hastings
Adel St John The Baptist C E (VA) Primary School	Bulloughs (Temple Learning Academy RKLT)	Community Accord
Affinity Trust	Bulloughs Cleaning Services Limited (Exceed Academies Trust)	Compass (Leeds PFI Schools)
Alder Tree Primary Academy (WRAT)	Bulloughs Cleaning Services Limited (Share MAT)	Compass Contract Services (UK) Ltd
All Saints C E J & I School	Bulloughs Cleaning Services Limited (WRAT)	Compass Contract Services (UK) Ltd (Share MAT)
All Saints Richmond Hill Church of England Primary School	Bulloughs Cleaning Services Ltd (Poplar Farm Primary School)	Consultant Cleaners Limited (W Y Fire)
Amey Community Ltd Bradford Bsf Phase 2 FM Services	Burley Parish Council	Cookridge Holy Trinity C E Primary School
Amey Community Ltd FM Services	Burnley Road Academy	Corpus Christi Catholic Primary School
Amey Infrastructure Services Ltd (Wakefield)	C and K Careers Ltd	Cottingley Primary Academy
Apcoa Parking (UK) Limited	Cafcass	Craft Centre & Design Gal. Ltd
Aramark Limited	Calder High School	Creative Support Limited
Aramark Limited (Greenhead College)	Calderdale College	Crescent Purchasing Ltd
Arcadis (UK) Ltd	Calverley C of E Primary School	Crigglestone St James CE Primary Academy
Arts Council England	Cardinal Heenan Catholic High School	Crossley Street Primary School
Aspens Services Limited (Batley Multi Academy Trust)	Care Quality Commission	Darrington C of E Primary School
Aspens Services Ltd	Carlton Academy Trust	Deighton Gates Primary Foundation School
Aspens Services Ltd (Northern Star Academies Trust)	Carr Manor Community School	Delta Academies Trust
Aspire Community Benefit Society Ltd	Carr-Gomm Society	Denby Dale Parish Council
Aspire-Igen Group Ltd	Carroll Cleaning Company (Nessfield Primary School)	Dixons Academies Charitable Trust Ltd
Atalian Servest (Mast Academy Trust)	Carroll Cleaning Company Limited (Frizinghall)	Dolce Limited (Bishop Konstant C.A.T)
Atalian Servest (St John Fisher Catholic Academy)	Carroll Cleaning Company Limited (Horbury St Peters & Clifton School)	Dolce Limited (Stanley St Peters School)
Baildon Town Council	Carroll Cleaning Company Limited (Ryhill Junior Infant Nursery School)	Education Bradford
Bankside Primary School	Carroll Cleaning Company Ltd (Birkenshaw Primary School)	Education Leeds Limited
Basketball England	Carroll Cleaning Company Ltd (Holy Trinity Primary)	Elevate Multi Academy Trust
Batley Grammar Free School	Carroll Cleaning Company Ltd (Peel Park Primary School)	Enhance Academy Trust
Batley Multi Academy Trust	Carroll Cleaning Company Ltd (Saltaire Primary)	Enviroserve (Allerton Primary)
Beckfoot Trust	Carroll Cleaning Company Ltd (Southmere Primary Academy)	Enviroserve (Priestley Academy Trust)
Beeston Hill St Lukes C E Primary School	Carroll Cleaning Company Ltd (St Johns Wakefield)	Enviroserve (St Pauls Primary School)
Beeston Primary Trust	Carroll Cleaning Company Ltd (Wakefield)	Equans Services Ltd
Belle Isle Tenant Management Org	Carroll Cleaning Company Ltd (Whetley)	Ethos Academy Trust
Betterclean Services (Carlton Academy Trust)	Carrwood Primary School	Evolve Academy (Ethos Academy Trust)
Bid Services	Castleford Academy Trust	Exceed Academies Trust
Bingley Grammar School	Caterlink (Abbey Multi Academy Trust)	Falcon Education Academies Trust
Birstall Primary Academy	Caterlink Limited (Kettlethorpe High)	Feversham Education Trust
Blessed Christopher Wharton Academy Trust	Caterlink Limited (Outwood Academy City Fields)	Feversham Primary Academy
Blessed Peter Snow Catholic Academy Trust (Calderdale)	Caterlink Limited (Outwood Academy Hemsworth)	Fieldhead Junior Infant and Nursery Academy
Blessed Peter Snow Catholic Academy Trust (Kirklees)	Caterlink Limited (Outwood Grange Academy)	First West Yorkshire Ltd
Boothroyd Primary Academy	Caterlink Limited (Outwood Primary Academy Greenhill)	Fleet Factors Ltd
Bradford Academy	Caterlink Limited (South Pennine Academies)	Foxhill Primary School

PARTICIPATING EMPLOYERS		
Future Cleaning Services Limited (Calder High)	Killinghall Primary School	Mellors Catering Services (Share MAT)
Great Heights Academy Trust	King James's School	Mellors Catering Services Limited (Appleton Academy)
Great Heights Academy Trust (The M F G And Marsden)	Kirkburton Parish Council	Mellors Catering Services Limited (Elevate MAT)
Greenhead Sixth Form College	Kirklees Active Leisure	Mellors Catering Services Limited (Exceed Academies Trust)
Groundwork Leeds	Kirklees Citizens Advice and Law Centre	Mellors Catering Services Limited (Heckmondwike Grammar School)
Groundwork Wakefield	Kirklees College	Mellors Catering Services Limited (Priestley Academy Trust)
Guiseley Infants	Kirklees Neighbourhood Housing Ltd	Mellors Catering Services Limited (Star Academies)
Guiseley School	Kirkstall St Stephens C E (VA) Primary School	Mellors Catering Services Ltd (Baildon Glen Primary School)
Halifax Opportunities Trust (Calderdale)	Lady Elizabeth Hastings School	Mellors Catering Services Ltd (Cavendish Primary)
Harden Village Council	Laisterdyke Leadership Academy	Mellors Catering Services Ltd (WRAT)
Hawksworth C E (VA) Primary School	Lane End Primary Trust	Meltham Town Council
Heaton St Barnabas C of E Primary School	Learning Accord Multi Academy Trust	Menston Parish Council
Hebden Royd Town Council	Leeds Appropriate Adult Service	Micklefield Parish Council
Heckmondwike GS Academy Trust	Leeds Arts University	Midshire Signature Services Ltd (Bronte Academy Trust)
Heckmondwike Primary School	Leeds Beckett University	Midshire Signature Services Ltd (Co-Op Academy Smithies Moor)
Hemsworth Town Council	Leeds Centre For Integrated Living	Midshire Signature Services Ltd (Guiseley School)
Hepworth Gallery Trust	Leeds City Academy	Minsthorpe Academy Trust
Hill Top First School	Leeds City College	Miriam Lord Primary School (Priestley Academy Trust)
Holme Valley Parish Council	Leeds College of Building	Mitie Catering Services Limited
Holy Family Catholic (VA) Primary School	Leeds College of Music	Mitie FM Ltd
Holy Trinity Primary C of E Academy	Leeds Diocesan Learning Trust	Mitie FM Ltd (P.C.C For West Yorkshire)
Horbury Bridge CE J And I School	Leeds East Primary Partnership Trust	Mitie Integrated Services Ltd
Horsforth School Academy	Leeds Family Service Unit	Mitie Limited (Leeds Schools PFI)
Horsforth Town Council	Leeds Grand Theatre & Opera Hse	Moorlands Learning Trust
Horton Housing Association (Bradford)	Leeds Jewish Free School	Morley Town Council
Huddersfield New College	Leeds Metropolitan University	Mount St Marys Catholic High School
Hugh Gaitskell Primary School Trust	Leeds North West Education Partnership	Mountain Healthcare Ltd (W Y Police)
Humankind Charity (Leeds)	Leeds Society For The Deaf & Blind	Myrtle Park Primary School
Hunslet St Josephs Catholic (VA) Primary School	Leeds Trinity University	N.I.C. Services Group Limited (Middleton St Marys Leeds)
Hutchison Catering (RKLT)	Leodis Academies Trust	National Coal Mining Museum For England
Hutchison Catering Limited (Iveson)	Liberty Gas Outer West	Nell Bank Charitable Trust
Hutchison Catering Ltd (Cottingley Primary Academy)	Liberty Gas West	New Collaborative Learning Trust
Hutchison Catering Ltd (Feversham Primary Academy)	Lidget Green Community Co-Operative Learning Trust	Ninelands Primary School
Hutchison Catering Ltd (Guiseley School)	Lighthouse School	Normanton Town Council
I S S Mediclean Ltd	Lindley C E Infant Academy	Norse Group Limited (Wellspring Academy Trust)
I.S.S. Mediclean Ltd (Outwood Academy Freeston)	Lindley Junior School Academy Trust	North Halifax Grammar Academy
ICS Cleaning Services (Garforth Academy)	Littlemoor Primary	North Halifax Partnership Ltd
ICS Ltd (Outwood At)	Littletown Junior School	Northern Ambition Academies Trust
Ilkley Parish Council	Locala	Northern Education Trust
Impact Education Multi Academy Trust	Locala (Calderdale)	Northern School of Contemporary Dance
Incommunities	Longroyde Junior School	Northern Star Academies Trust
Inspire Partnership Multi Academy Trust	Low Moor Primary School	Notre Dame Sixth Form College
Interaction And Communication Academy Trust	LPM Cleaning Limited	NPS (North East) Ltd
Interaction And Communication Academy Trust (High Park)	Mast Academy Trust	NPS Leeds Limited
Iqra Academy (Feversham Education Trust)	Maxim (Oulton Academy)	Nurture Academies Trust
JPL Catering Ltd (The Brigshaw Learning Partnership)	Maxim Facilities Management Limited (Southfield Grange)	Oasis Academy Lister Park
Keelham Primary School	Maxim Facilities Management Ltd (Ireland Wood Primary School)	Old Earth Academy
Keepmoat Property Services Limited	Meanwood C E (VA) Primary School	One In A Million Free School
Keighley Town Council	Mears Ltd (West)	Ossett Trust

PARTICIPATING EMPLOYERS		
Otley Town Council	Rufford Park Primary	The Bishop Konstant Catholic Trust
Oulton Academy (Falcon Education Academies Trust)	Russell Hall First School	The Bishop Wheeler Catholic Academy Trust
Our Lady of Good Counsel Catholic Primary School	Ryhill Parish Council	The Cellar Trust Ltd (Bradford Wellbeing Service)
Our Learning Cloud (BDAT)	Salendine Nook Academy Trust	The Co-Operative Academies Trust
Outwood Academy Freeston	Sandy Lane Parish Council	The Crossley Heath Academy Trust
Outwood Academy Greenhill	SBFM Limited (Bradford College)	The Family of Learning Trust
Outwood Academy Hemsworth	Scout Road Academy	The Gorse Academies Trust
Outwood Academy Wakefield City	Sea Fish Industry Authority	The Lantern Learning Trust
Outwood Grange Academy	Share Multi Academy Trust	The MFG Academies Trust
Outwood Primary Academy Bell Lane	Shibden Head Primary Academy	Thornhill Junior And Infant School
Outwood Primary Academy Kirkhamgate	Shipley College	Thornton Primary School
Outwood Primary Academy Ledger Lane	Shipley Town Council	Thorp Arch Lady Elizabeth Hastings C E (VA) Primary School
Outwood Primary Academy Lofthouse Gate	Shirley Manor Primary Academy	TNS Catering (SPTA)
Outwood Primary Academy Newstead Green	Sitlington Parish Council	Together Housing Association Ltd (Greenvale)
Outwood Primary Academy Park Hill	Skills For Care Limited	Together Housing Association Ltd (Pennine)
Owlcotes Multi Academy Trust	Sodexo Ltd	Together Learning Trust
Oxenhope Village Council	Sodexo Ltd (Oasis Academy Lister Park)	Tong Leadership Academy
Pennine Academies Yorkshire	South Elmsall Town Council	Tranmere Park Primary
Pinnacle (W Y Police)	South Hiendley Parish Council	Trinity Academy Halifax
Pinnacle FM Limited (Kirklees)	South Kirkby and Moorthorpe Town Council	Turning Lives Around
Pinnacle FM Ltd	South Ossett Infants Academy	Turning Point
Polaris M.A.T	South Pennine Academies	United Response
Pontefract Academies Trust	Spie Ltd	University Academy Keighley
Pool Parish Council	SSE Contracting Ltd	University of Bradford
Possabilities CIC	St Anne's (Bradford) Community Services	University of Huddersfield
Priestley Academy Trust	St Anne's Community Services	University Technical College Leeds
Primley Wood Primary School	St Anthonys Catholic (VA) Primary School	W.Y. Fire & Rescue Authority
Primrose Lane Primary Foundation School	St Bedes And St Josephs Catholic College	Wakefield & District Housing Ltd
Progress To Change (Cardigan House)	St Edwards Catholic (VA) Primary School	Wakefield College
Progress To Change (Ripon House)	St Francis Catholic Primary School	Wakefield College Selby
Prov Caterlink Limited (Mackie Hill Primary)	St Gregory The Great Catholic Academy Trust	Waterton Academy Trust
Prov Aspens Services Ltd (Ninelands Primary School)	St John's (CE) Primary Academy Trust	Wellspring Academy Trust
Prov ICS Ltd (Green Lane)	St John's Approved Premises Limited	West Yorkshire Combined Authority
Prov Mellors Catering Services Ltd (Ashlands Primary School)	St John's Primary Academy Rishworth	West. Yorks. Police Civilian
Prov School-Led Development Trust	St Josephs Catholic (VA) Primary School Wetherby	Westwood Primary School Trust
Prov Taylor Shaw (PAT)	St Josephs RC Primary School (Todmorden) RCAT	Wetherby High School
Pudsey Grangefield School	St Matthews C E Primary School	Wetherby Town Council
Pudsey Southroyd Primary School Trust	St Michael & All Angels J & I	Whinmoor St Pauls C E Primary School
Queensway Primary	St Nicholas Catholic Primary School	Whitehill Community Academy
Rainbow Primary Leadership Academy	St Oswalds Church of England Primary School	William Henry Smith School
Rawdon Parish Council	St Patricks Catholic (VA) Primary School	Wilsden Primary School
RCCN Limited (Chellow Heights School)	St Peters C E Primary School	Wolseley Uk Ltd
RCCN Limited (Delta Academies)	St Philips Catholic Primary School	Woodside Academy
RCCN Limited (Rodillian)	St Theresas Catholic Primary School	Worth Valley Primary School
Red Kite Learning Trust (Harrogate HR Hub)	Star Academies Trust	WRAT - Leeds East Academy
Red Kite Learning Trust (Leeds East HR Hub)	Strawberry Fields Primary School	WRAT - Leeds West Academy
Reevy Hill Primary School	Suez Recycling and Recovery Uk Limited	Wrose Parish Council
Renewi Uk Services Limited	Taylor Shaw (RKLT)	WY Magistrates Court Service
RFM Group Services Limited (Sandy Lane Primary School)	Taylor Shaw Limited (Gorse Academies Trust)	Yeadon Westfield Infants
Rodillian Multi Academy Trust	Taylor Shaw Limited (Gorse At Elliott Hudson College)	Yeadon Westfield Junior
Rook's Nest Academy	Taylor Shaw Ltd (Gorse Boston Primary School)	Yorkshire Purchasing Organisation
Rothwell St Marys Catholic (VA) Primary School	Taylorshaw Ltd (Swarcliffe Primary School)	
Roundhay St Johns C E (VA) Primary School	The Anah Project	

Glossary of Terms

This glossary is provided to assist the reader. It offers an explanation of terms in common use in relation to local authority finance, many of which are used within this document.

Accruals

Income and expenditure are recognised as they are earned or incurred. When income is due to the Council but has not been received an accrual is made for the debtor. When the Council owes money but the payment has not been made an accrual is made for the creditor.

Assets Held for Sale

These are assets previously used in the provision of services by the Council which are now available for immediate sale. The assets are being actively marketed and a sale is probable.

Associated Company

A company over which the Council is able to exercise significant influence (see also Group Accounts).

Capital Adjustment Account

The Capital Adjustment Account (CAA) was set up in 2008-9 following UK GAAP accountancy changes and replaces the Capital Financing Account. It is required to ensure that both sides of the Balance Sheet remain in balance, and increases and decreases in asset valuations are credited and debited to this account as appropriate following asset revaluations.

Capital Charges

Charges to services for the use of assets. They comprise depreciation, based on the current value of the assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of non-current assets, or which adds to, and not merely maintains, the value to the Council of existing non-current assets. Non-current assets provide economic benefits to the Council for a period in excess of one year.

Capital Financing Requirement

A measure defined by the Prudential Code of the Council's level of borrowing for capital purposes. It is based on the Balance Sheet of the Council. It is the basis for calculating the charge to be made to revenue for debt repayment each year (see Minimum Revenue Provision).

Capital Receipts

Income from the disposal of land and other assets and from the repayment of grants and loans made to others for capital purposes. The income can only be used either to finance new capital spending or to reduce the capital financing requirement through the repayment of debt.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

This document is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Collection Fund

The fund deals with the collection and distribution of Council Tax and non-domestic rates. Surpluses may arise from time to time if the amounts collected from Council Tax (and its predecessor, community charge) exceed estimates. Such surpluses cannot be used directly to fund expenditure, but can be taken into account through the budget process and used to reduce Council Tax.

Community Assets

Assets such as parks and historic buildings that the Council intends to hold in perpetuity and that may have restrictions on their disposal.

Consistency

The concept that the accounting treatment of any given item will remain consistent between accounting years and that any necessary change will be made clear to the reader of the statement of accounts.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the Balance Sheet.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Depreciation

A capital charge made to services for the use of non-current assets in the provision of services. It represents the depletion of the useful life of an asset and the consequent reduction in its value.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee. Consequently, the leased assets are recognised on the Balance Sheet of the lessee.

Financial Instruments

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

Financial Reporting Standards (FRS)

Accounting practice to be followed in the preparation of accounting statements in the years prior to 2010-11. For example FRS17 governs the way in which pension liabilities must be presented in the accounts. From 2010-11 onwards FRS will be fully replaced by IFRS (International Financial Reporting Standards), see below.

General Fund

All services other than those which authorities are required to account for separately in a Housing Revenue Account or Collection Fund.

General Reserves and Balances

Monies held by the Council to deal with unforeseen events that might arise. The Council must maintain a prudent level of such balances.

Group Accounts

Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the Council’s own accounts to present a complete picture of the Council’s activities.

Heritage Assets

These are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental of historical associations.

International Financial Reporting Standards (IFRS)

These are accounting standards issued by the International Accounting Standards Board.

Impairment
A diminution in value of non-current assets resulting from obsolescence, physical damage or general market conditions. The Council undertakes annual reviews of its assets to identify impairment.

Comprehensive Income and Expenditure Statement
This statement is compiled in accordance with IFRS and reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets
These are assets such as highways and footpaths.

Investments
These may be long-term investments whose purpose is to produce capital gain and rental income, or the short-term investment of cash balances that may arise from day to day management of the Council's cash flow.

Investment Properties
Land and buildings that are held for capital gain and rental income and not for the provision of services.

Joint Venture
A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities
Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Local Area Agreement (LAA)
The LAA is a partnership between the Council and other public bodies whose aim is to work together towards jointly agreed objectives to improve local public services. The Council's LAA partners comprise local health bodies, learning bodies, community groups, housing associations and voluntary associations.

Materiality
An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)
This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the Council's capital financing requirement at the start of the year.

Non Current Assets
Assets that yield economic benefits to the Council for a period of more than one year. Examples include land, buildings, vehicles and investment property.

Non-Domestic Rates (NNDR)
These are rates levied on business properties. The level of NNDR charges is set by the Government. The Council receives 49% of the rates levied in the district, central government 50% and West Yorkshire Fire and Rescue Authority 1%.

Net Book Value
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operating Leases
Leases other than finance leases. Under operating leases the risks and rewards of ownership remain substantially with the lessor. Consequently, the assets concerned are not included on the Balance Sheet of the lessee.

Property, Plant and Equipment (PPE)
These are non-current assets used directly to deliver the Council's services. The assets comprise land, buildings and plant with a carrying value in the Balance Sheet based on current value in use. PPE also includes equipment like vehicles, which are valued at historic cost.

Precept
The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the Council Tax.

Prior Year Adjustments
Material adjustments applicable to prior period, arising from changes in accounting policies or from other corrections.

Private Finance Initiative (PFI)

A central government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Provisions
Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence
This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code
The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties
Individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure
Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Amounts properly incurred as capital expenditure, but where no Council asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Revenue Reserve
Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)
A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the Council has control or has the right to exercise dominant influence (see also Group Accounts).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards for financial reporting standards, which have been replaced by International Financial Reporting Standards from 2010-11 onwards.

Acronym	Full Description
AVCs	Additional Voluntary Contributions
BID	Business Improvement District
BDCT	Bradford District Care Trust
BPS	Base Points
BSF	Building Schools for the Future
BMW	Biodegradable Municipal Waste
CAA	Capital Adjustment Account
CCG	Clinical Commissioning Group
CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSR	Comprehensive Spending Review
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
EUV	Existing Use Value
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
IT	Information Technology
JANES	Joint Arrangement which is not an Entity
LAA	Local Area Agreement
LATS	Landfill Allowances Trading Scheme
LEA	Local Education Authority
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option
MAP	Management Action Plans
MDCs	Metropolitan District Councils
MRP	Minimum Revenue Provision
NEET	Young people Not in Education, Employment or Training
NDR	Non Domestic Rates
NJC	National Joint Council
OJC	Officers' Joint Council
PFI	Private Funding Initiative
PfS	Partnership for Schools
PPE	Property, Plant & Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute

RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index
RSG	Revenue Support Grant
SIP	Statement of Investment Principles
SOLACE	Society of Local Authority Chief Executives
WDA	Waste Disposal Authority
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund
VAT	Value Added Tax
YPO	Yorkshire Purchasing Organisation

CITY OF BRADFORD MDC
ANNUAL GOVERNANCE STATEMENT (AGS) 2023/24

1 Corporate Governance

1.1 Corporate Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance ensures that the Council provides for effective leadership and management in the use of public money; ensures the delivery of high-quality services to all taxpayers and citizens; and achieves the desired outcomes for service users and communities.

1.2 Bradford Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be obtained by writing to the Council's Director of Legal and Governance/City Solicitor, Department of Corporate Resources, City Hall, Room 306, Bradford BD1 1HX. The principles upon which it is based are summarised in this Statement.

2 The Annual Governance Statement

2.1 The Accounts & Audit (England) Regulations 2015 require the Council to prepare and publish an Annual Governance Statement. This is a public document that reports on the extent to which the Council complies with its own Code of Corporate Governance, and whether it is meeting the CIPFA/SOLACE requirements set out below. The Annual Governance Statement explains how the Council makes decisions; manages its resources in line with the Council's priorities; and achieves the required outcomes for service users and communities.

2.2 The Council's Section 151 Officer is responsible for the preparation of the Annual Governance Statement and for its submission to elected members for approval, via the Council's Governance and Audit Committee (G&AC).

2.3 In the Annual Governance Statement the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance (section 3)
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment (section 3)
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, (section 4)
- reports on any significant governance issues identified from this review and provides a commitment to addressing them (section 5), and
- reports how the Council has responded to any issue(s) identified in previous year's governance statements (section 7).

2.4 The preparation and presentation of this year's Annual Governance Statement represents an interim stage in the development of improved governance arrangements at the Council, following the Best Value Notice issued by DLUHC in February 2024. As set out in section 5 of this report, many aspects of the Council's financial management arrangements also require improvement, and it will take until at least 2026/27 for these changes and developments to come to full fruition.

3. The Governance Framework

Scope of Responsibility

3.1 Bradford Council is responsible for ensuring that:

- business is conducted in accordance with the law and proper standards;
- public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

3.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

3.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Purpose of the Governance Framework

3.4 The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled and activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

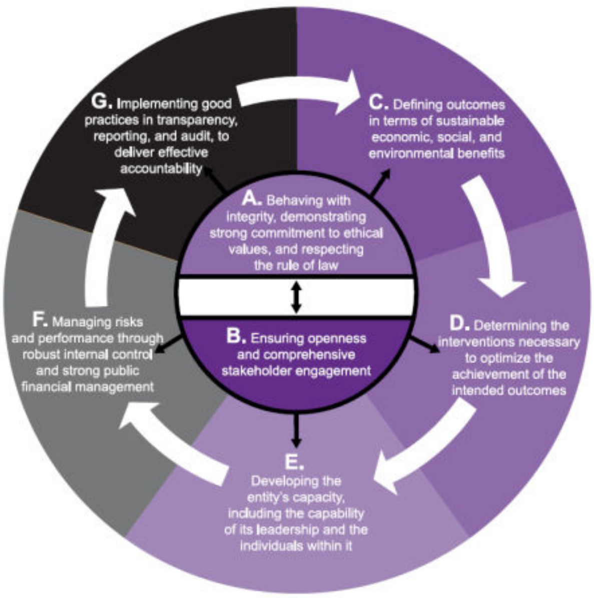
3.5 The framework aims to ensure that in conducting its business the Council:

- operates in a lawful, open, inclusive and honest manner;
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk, and
- secures continuous improvements in the way that it operates.

The Governance Framework

3.6 The governance framework sets out how the Council is operating in order to demonstrate compliance, ongoing improvement, its commitment to maintaining the highest ethical standards and levels of governance. The governance framework as it is described in this document has been in place at Bradford Council for the year ended 31 March 2024 and **up to the date of approval of the statement of accounts.**

3.7 The Council has based its governance framework on the CIPFA/SOLACE guidance 2016 ‘Delivering Good Governance in Local Government’. The framework sets out seven core principles for good governance. These are summarised in the graphic below:



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

The Constitution of the Council

3.8 The Constitution is a key part of the governance framework. It was reviewed at Annual Council on 17 May 2022 and provides a framework for decision-making in accordance with legal requirements for the discharge of the Council’s roles and functions. This includes the framework of delegation within which the Executive and regulatory committees take decisions in discharge of the Council’s executive and regulatory functions, subject to the examination of several Overview and Scrutiny Committees. Full Council, the Executive and committee members are collectively responsible for the decisions they make, and the decision-making arrangements are designed to be open, transparent, and accountable to local people. A full review of the Constitution to ensure compliance with best practice was started in late 2023 and is currently on-going. This is a major task and a report prioritising the areas to consider first was approved at CMT in July 2024.

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4. Review of Effectiveness

4.1 Every local authority is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. During 2023/24, the Council relied on the following sources of assurance to maintain and review the effectiveness of the system of governance:

- member scrutiny – Standards Committee; Overview and Scrutiny function; Council Executive; Governance and Audit Committee.
- management - The Corporate Management Team (CMT) has responsibility for developing the Corporate Risk Management Strategy and processes, including the communications and reporting structure for strategic risk.
- Internal Audit – Internal Audit Services examine the effectiveness of the Council's internal controls, risk management and corporate governance.
- External Audit - the Council's appointed auditors (Forvis Mazars) issue an opinion on the financial statements and a value for money conclusion as part of their work. The 2022/23 VfM opinion is elsewhere on this agenda.
- external Review – findings and feedback from external inspectorates include OFSTED, CQC and other agencies such as the Information Commissioners Office.

4.2 Action plans for improvement are devised and implemented in response to findings from this annual review and also in response to specific recommendations from Internal Audit, External Audit and other statutory agencies and inspections.

Member Scrutiny

4.3 The Council has a number of committees which oversee its governance arrangements. Four scrutiny committees (Children's, Corporate, Health and Social care and Regeneration and Environment) were in operation during 2023/24 and met on a regular basis to deliver agreed work plans. An annual report on scrutiny activity was completed and presented to the Corporate Overview and Scrutiny committee in September 2024.

4.4 The Standards Committee met in April 2024 to consider and approve an amended procedure for considering complaints relating to any alleged failures to comply with the Members' Code of Conduct. This new process is now in place. No complaints were received which necessitated a meeting of the Standards Complaints sub-committee during 2023/24.

Governance and Audit Committee

4.5 The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and to provide the core functions identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities". In April 2023 the Committee received a report assessing its compliance with CIPFA Guidance. Overall, the Committee was found to be technically compliant, but some improvements were suggested including the recruitment of independent lay members to the Committee and annual reporting of performance.

4.6 These improvements have yet to take place, however a report to the Governance and Audit Committee in June 2023 approved both a process for recruiting new lay members and changes to the Council's constitution which would allow this new process to take place.

Internal Audit

4.7 Internal Audit work covers both the Council and the West Yorkshire Pension Fund. Assurance is provided through periodic monitoring reports to the Governance and Audit Committee, together with the annual Internal Audit opinion on internal control, risk management and governance.

External Audit

4.8 The Council's external auditors are appointed by Public Sector Audit Appointments Limited. The current auditors are Forvis Mazars. The auditors provide an opinion on the annual financial statements and a commentary on the Council's arrangements to deliver value for money both of which are key sources of assurance for the annual governance statement. The opinion and value for money statement for 2021/22 was received in July 2024. Delays continue in the completion of audit work and the sign-off process for 2022/23 due to resolving technical accounting matters. This lack of external assurance is highlighted in section 5 as a key governance issue.

Inspections

4.9 During 2023/24, following the Local Area SEND Inspection, Bradford Council and the ICB were subjected to quarterly monitoring visits led by the DfE and NHSE.

4.10 In addition, during 2023/24, following the ILACS inspection, Ofsted undertook 4 monitoring visits to review the progress made by the Bradford Children & Families Trust and the Council.

Management Assurance Questionnaire (MAQ) Process

4.11 The Council has historically conducted an annual self-assurance process for managers to confirm their compliance with key governance issues and the Council's Code of Corporate Governance. The process has targeted different aspects of the governance framework in previous years.

4.12 The MAQ process has not been undertaken in 2023/24 due to the level of external scrutiny and reporting that has already taken place and the need to utilise a system that has more of an impact and is less resource intensive. It is proposed to introduce a refined, improved and more targeted version of the MAQ approach for 2024/25 that is more focussed on the requirements of the CIPFA/SOLACE framework.

4.13 For 2023/24, senior council officers have been asked to confirm that the contents of this document are accurate and that there are no other governance issues that need to be addressed.

Review of CIPFA Financial Management Code

4.14 CIPFA's Financial Management Code was first published in 2019. The Code provides guidance for good and sustainable financial management in local authorities which also provides assurance that resources are being managed effectively.

4.15 A self-assessment against the Financial Management Standards set out in the Code was carried out by Finance Managers in 2023. No significant concerns were raised although subsequent reviews have challenged the validity of these conclusions as shown in section 5 below.

4.16 CIPFA are due to undertake a review of the Council's compliance with the Financial Management Model in late 2024 as part of its on-going support to the Council. The findings from this review will inform future financial management planning.

Information Governance

4.17 The Council liaises closely with the Information Commissioner's Office in reporting and disclosing information security risks and incidents, to ensure it discharges its duties under the Data Protection Act 2018.

4.18 An annual report is presented by the Senior Information Risk Owner to the Governance and Audit Committee on the Council's performance against key IG performance indicators, as follows:

- in 2023/24, the Council received 1,550 Freedom of Information (FoI) requests, compared to 1,420 the previous year. 98% of all requests related to access to personal data.
- over the last 4 financial years, the Council has recorded, on average, 300 data security incidents per year with 76% of those incidents relating to a personal data breach.
- in 2023/24 the number of personal data breaches was slightly above that average with 239 recorded personal data breaches in the year.
- in 2023/24 87% of all Council employees with IT access completed mandatory IG training requirements. Although this remains below the expected level of 90% there has been an increase of 5% compared to the previous year.
- in 2023/24, a total of 27 complaints relating to the Council handling of FoI requests were made to the Information Commissioner, of which 5 were upheld. 4 of these 5 cases related to the Council not supplying information within the timescales required.

Complaints

4.19 The Council receives an annual letter from the Local Government and Social Care Ombudsman setting out the numbers of complaints received and, more importantly, the number of complaints upheld . In some respects, the Council compares favourably with similar organisations. For example, in 2023/24, 69% of the complaints investigated were upheld, compares to an average of 80%, and in all these cases the Ombudsman was satisfied that the Council had successfully implemented the recommendations made.

4.20 However, in 2023/24 there were 11 instances where the Council did not respond to the Ombudsman’s enquiries on time and in addition to these delays there were instances of poor-quality and incomplete responses.

5. Significant Governance Issues in 2023/24

5.1 The Chartered Institute of Public Finance and Accountancy and the Auditing Practices Board set out areas to consider when determining what may be considered a significant governance issue, as follows:

- the issue has seriously prejudiced or prevented achievement of a principal objective
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business
- the issue has led to a material impact on the accounts
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation (e.g.an external auditor's public interest report)
- the issue has resulted in formal action being taken by the Director of Finance and / or the Monitoring Officer.

5.2 Para 3.7.4.3 of the CIPFA/SoLACE Delivering Good Governance in Local Government: Framework (2016) publication states that the Annual Governance Statement shall relate to the governance system as it applied during the financial year for the accounts that it accompanies. **However, significant events or developments relating to the governance system that occur between the reporting date and the date on which the statement of accounts is signed by the responsible financial officer shall also be reported.**

5.3 Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control shall include its group activities. The Council's group entities have identified and considered in section 5 of this report as follows:

- Bradford Children and Families Trust Ltd, and
- Bradford Live
- New Choices (Bradford & District) Ltd

5.4 The Council's annual governance review for 2023/24 has also included the governance arrangements relating to West Yorkshire Pension Fund, as set out in section 6.

5.5 As the audits of the 2022/23 and 2023/24 Financial Statements have yet to be concluded by Mazars there are matters contained in this statement that lie outside the 2023/24 financial year and remain on-going in some instances.

Best Value Notice

5.6 The Council's governance arrangements are now being reviewed in light of the matters raised in the Best Value (BV) Notice issued on 29 February 2024 by DLUHC. This Notice has attracted significant public interest and as a result damaged the reputation of the Council.

5.7 Serious concerns were identified in the Best Value notice in respect of:

- financial resilience and control.
- capacity to transform both the Council and Bradford Children and Families Trust ("the Trust") services at sufficient pace to ensure they can tackle the issues they face.
- effectiveness of working relationships, particularly between the Authority and the Trust.

5.8 As a result of the BV Notice the Council set up an improvement advisory panel to act as a challenge and support mechanism on its improvement journey, and to monitor the changes and improvements made. The panel met for the first time in August 2024 and has met monthly thereafter. It has recently been asked by the Council to review the improvement plan and comment on the pace in accordance with its terms of reference. The plan is focused on:

- delivering the Council's key objectives
- securing the medium-term financial position and
- implementing the recommendations from the CIPFA review.

5.9 Progress is reviewed by MHCLG on a regular basis. CIPFA have recently visited the Council to undertake a follow-up review and the report is currently with MHCLG for consideration.

5.10 The Secretary of State has proposed that the BV Notice will be reviewed after an initial period of 12 months and may be extended. A failure to demonstrate continuous improvement may be judged to contribute to best value failure and the Secretary of State may then consider using other powers as appropriate.

5.11 Providing an effective response to issues highlighted in the BV Notice through the improvement and transformation planning process will be a key priority for the Council and a key component of future annual governance reviews.

Financial Resilience and Sustainability

5.12 The Council's financial position is the most challenging it has ever been because:

- the Council has significantly reduced its reserves having budgeted to spend £44m of reserves in 2022/23 and £48m of reserves in 2023/24 to finance recurrent expenditure the Council continues to face major demand pressures in children's social care, adult social care and current cost of living impacts
- the financial position of the Council was not adequately highlighted and explained to elected members at an early stage and sufficiently robust plans were not brought to Members for consideration and agreement;
- there has been a lack of investment in the capacity and capability of the Council's finance team, and

- risk management arrangements, the governance framework and other internal control processes were not effective in highlighting the severity of the Council's position.

5.13 The Council did not identify and adequately address a structural budget gap until November 2023 which increased, as at 31/3/24, to £120m. This included a c£73m overspend on a budget in 2023/24 that already included c£48m usage of one-off reserves. The outturn position for 2023/24 is £80m in excess of the approved budget. Additional financial support from the government was applied for in January 2024 and the Council obtained a capitalisation direction of £80m (approved in principle) for 2023/24, with a further £140m approved in principle for 2024/25. The Council is expecting to utilise all of this additional support in order to report a balanced budget at 31 March 2025. The Council's MTFS has also forecast a £573m 7-year deficit.

5.14 However, a capitalisation direction is only an interim solution. To achieve a financially sustainable position, both the Council and Bradford Children and Families Trust will need to agree and deliver a combination of revenue savings, additional income generation and further reductions to capital spending plans. Asset disposal programmes already in place will need to become more ambitious, and reducing current borrowing levels is key to minimising interest charges and other debt costs.

5.15 A financial improvement plan has been developed and is now being monitored on a regular basis including by the Improvement Board also. Looking forward, a continuous cycle of identifying new savings and other measures to reduce the budget gap will need to be embedded in 2024/25 and across the Medium-Term Financial plan period to 2030.

5.16 As part of the financial Improvement work it should be noted that the Council is delivering all except £3m of its £48.6m 2024/25 revenue budget savings and has agreed £33.84m of its £40m 2025/26 revenue savings target

Bradford Children and Families Trust (BCFT)

5.17 BCFT is now a wholly owned subsidiary company of the Council and while it functions with operational independence in respect of the day-to-day management and performance the ultimate responsibility for the company is with the Council. The Council oversees, manages and regulates the Trust in line with contractual arrangements between the Council and the Trust. The Council remains the statutory body responsible for children's services and the accountable body in relation to Ofsted inspections. The relationship between the Council and the Trust are a key area of focus for MHCLG as part of their monitoring of the Council's Improvement Plan.

5.18 A key element of the Council's current financial challenges was **the financial position at BCFT**. As part of the Council's preparations for setting the 2023/24 budget there were lengthy discussions between the Council and the Trust to agree the contract sum with the Trust for 2023/24. Meetings adopted a figure of £170m for budget-setting purposes, supported by contract mechanisms to enable the revision of contract price during the year. This was agreed between the parties. Experience in 2023/24 was that by the end of the first quarter, the Trust was forecasting an overspend against the £170m of £35.2m, and at the year-end the outturn was £215.8m against the revised contract price of £174.6m (revised for technical adjustments during the year) – an overspend of £41.2m on the amount included in the budget.

5.19 The CIPFA report and Best Value Notice highlighted an urgent need for the Council to improve governance and contract management arrangements for BCFT, and to publish an objective set of evaluation criteria for the Trust. This has now been done. Key for 2024/25 will be monitoring delivery of the required services within the agreed financial envelope, however early signs are encouraging. Changes to pensions accounting arrangements and planned reductions to usage of agency staff mean that the Trust is currently forecasting a balanced budget position for 2024/25. It was also meeting most of its key performance indicators as at 30 June 2024.

OFSTED inspection

5.20 On 31 January 2023 OFSTED issued a report on the Council's Children's Services which judged the Council 'inadequate' across all four judgement areas. Ofsted reported that *'it had conducted seven monitoring visits since the previous inadequate judgement in 2018. While some progress has been achieved in some discrete areas, overall the pace of these improvements has been very slow.'* As a result of this and previous reports, Children's Social Care services were voluntarily transferred to Bradford Children and Families Trust Ltd with effect from 1 April 2023.

5.21 The arrangements for Children's services continue to be monitored by OFSTED. Further monitoring visits have been undertaken with the results published on 22 August 2023, 13 December 2023, 16 May 2024 and 12 July 2024. Each of these visits has re-examined specific areas for improvement identified in the 2023 Inspection report. Recent outcomes have been encouraging and, in view of the progress made, Ofsted have deferred further visits until Spring 2025.

Local Joint Area SEND inspection

5.22 On 8 June 2022 the Council and Clinical Commissioning Group in Bradford received a joint letter from OFSTED and CQC outlining significant weaknesses in areas of practice in SEND services and requiring a Written Statement of Action to improve. This letter highlighted:

- poor communication between stakeholders across education, health and care.
- the variable quality of EHC plans, including plans which do not fully describe the provision that children and young people with SEND need.
- inconsistent delivery of 0 to 19 health visiting, school nursing and specialist nursing services

- children and young people waiting too long for assessments, treatment and diagnosis
- insufficient support for children and young people with SEND who are waiting for provision, services, diagnosis or equipment, and
- education, health and care services not working together, with arrangements for joint commissioning underdeveloped.

5.23 The Council provided a Written Statement of Action (WSOA) Plan to address these areas of weakness on the 21st of September 2022 which was approved by Ofsted. The WSOA was then monitored by the DfE and NHSE every 90 days and due to the progress being made, in June 2024 the DfE removed Bradford from formal monitoring.

Adults Safeguarding

5.24 Adult Safeguarding is the focus of the Health and Well Being Board who monitor the key risks facing the sector such as the risk of failure of independent or in-house providers, inadequate quality assurance processes, a breakdown with key partners or the lack of effective communication.

5.25 A key statutory function of the Bradford Safeguarding Adults Board is to seek assurance that the local authority is facilitating and recording Section 42 enquiries. A Section 42 enquiry must take place if there is reason to believe that abuse or neglect is taking place or is at risk of taking place, and the local authority believes that an enquiry is needed to help it to decide what action to take to support and protect the person in question. During 2023/24 the Annual Report from the Board showed a 19 per cent rise in reported concerns and a 79 per cent rise in investigations undertaken by the Council.

5.26 In addition to Section 42 enquiries, the Board has many other ways to monitor and review the safety of adults, as set out in its 2023-2026 strategic plan. The effectiveness of these arrangements will be subject to review through a joint inspection of Adult Social Care and the Integrated Care System by the Care Quality Commission using the new assessment framework introduced in May 2024.

Organisational Capacity

5.27 Overall, the Council has the required policies in place to support the delivery of services. However, if the organisation is to be fully compliant with the range of required responsibilities in areas such as risk management, procurement, health and safety, business continuity, and information governance, large numbers of officers need to be aware of the correct processes and there needs to be capacity to deliver the associated administration, training and oversight in addition to putting appropriate and up-to-date policies in place.

5.28 There continue to be local and national shortages of professional, specialist and skilled staff within the employment market which has led to recruitment and retention difficulties in key posts. The CIPFA Best Value report highlighted the need to improve capacity and capability in key areas such as procurement, project management, contract management, Finance, HR, and IT.

5.29 During 2023/24 the Council has been able to make successful appointments in key posts relating to asset management and procurement. As a result:

- new contracting and procurement regulations have been introduced alongside plans to review and potentially re-negotiate or re-tender existing major contracts, and
- work is now underway to improve corporate information about the condition, age and use of Council assets.

5.30 The Council has also been able to secure the services of a number of interim staff which, although not a permanent solution, is generating benefits in terms of short-term capacity, knowledge transference and providing examples of "good practice" seen elsewhere. A number of key corporate functions, including finance, are currently undergoing restructuring and capability reviews in order to assess their existing and future capacity needs and skills levels.

Bradford UK City of Culture 2025

5. 31 Bradford Culture Company Limited (BCCL) was created to develop and deliver the events programme as part of UK City of Culture 2025. One role of the company is to maximise the resources available to deliver a spectacular UK City of Culture Year. The company has achieved significant success in this regard and the funding secured should exceed the targets initially established. BCCL is now in the process of recruiting to full establishment, and this is also progressing well. For its part, the Council has committed a significant level of both capital and revenue funding to delivery of the UK City of Culture 2025.

5.32 A review of existing governance arrangements at BCCL as a new organisation has been completed and deficiencies identified. As a result, the Council's legal service and Programme Director for City of Culture has engaged with BCCL and their legal representatives and agreed a suite of governance policies and documents to ensure effective controls and good governance are in place. These arrangements continue to be monitored during 2024.

5.33 These arrangements continue to be monitored and the City of Culture's official launch took place successfully in September 2024.

Bradford Live

5.34 The Council has developed the site of the former Odeon cinema in the city centre as a live music venue and a focus for the City of Culture events programme. Originally the venue was to be run by the NEC Group. During 2023/24 the venue has had a number of challenges including increasing costs and most recently the decision by the NEC group to concentrate its activity in the Birmingham area.

5.35 As at 30 September 2024, renovation work on the building is now complete and is a significant regeneration investment in Bradford with the Council providing a £23.5m loan and £18.5m of grants to be funded from Council borrowing in previous years. The Council has recently agreed settlement terms with NEC. The Council is currently considering options with a view to making the best use of the venue going forward.

New Choices (Bradford and District) Ltd

5.36 In 2021/22, the Council set up New Choices to provide day care activities in the district, transferring staff from the previous provider, Home Farms Trust. The plan was to set up and operate the company with a view to outsourcing the company to the wider care market by 31 March 2024. About one-third of the activities have been outsourced to date, but limited interest has been expressed in the residual services. Consequently the contract has been extended for a further year and a review is underway to improve the governance and financial position of the company in preparation for future transfer onto the wider care market.

Internal Audit

5.37 The Council's 2022/23 Annual Governance Statement highlighted weaknesses with the Internal Audit function in terms of staffing vacancies, specialist skill gaps and the focus of core audit work. Staffing has improved since 2023 and the range of audits completed in 2023/24 was wider ranging although Internal Audit has only begun to focus on key risk areas and corporate objectives as part of the 2024/25 plan.

5.38 The Director of Finance is actively involved in ensuring that, going forward, Internal Audit work is planned and carried out in a manner which underpins a more robust Internal Audit opinion. This will be addressed by ensuring that Internal Audit work:

- is focussed on key Council priorities and service objectives
- examines known risk areas, and
- correctly identifies, tests and documents all financial systems on an annual basis.

Risk Management

5.39 CIPFA's Best Value report highlighted a number of areas of weakness in the Council's risk management arrangements, and recommended that the Council develop a coherent risk management strategy, policy, and approach across the total organisation and with stakeholders and partners.

5.40 A revised risk management policy, strategy and process has now been put in place with additional staffing resources identified to support the embedding of risk management across the Council and partners. The Governance and Audit Committee now exercise oversight of risk management and receive regular reports.

5.41 This work is progressing well but effective risk management will take some time to become fully embedded in the Council's culture and day-to-day processes. A number of possible software solutions have been identified and are being explored to help improve risk management.

Delays in External Audit

5.42 In recent years there has been an increasing national backlog in the external audit of local authority financial statements. The increasing backlog is due to a number of factors including: a shortage in capacity in the external audit market, increased regulation of external auditors by the Financial Reporting Council, the increasing complexity of activity by local authorities, and a lack of knowledge, capacity and priority given to financial reporting by local authorities.. Whilst Bradford was able to avoid the early impact of these delays the audit certificate on the Statement of Accounts for 2021/22 was not received until July 2024..

5.43 External audit work for 2022/23 is close to completion and has only just started for 2023/24. Consequently, the Annual Governance Statement for 2022/23 been updated to reflect the position at the Council at the time of approving the accounts as reported elsewhere on this agenda. This 2023/24 AGS is reported as the final element of the 2023/24 Statement of Accounts for approval by the Governance and Audit Committee.

5.44 New deadlines for completion of the audit of local authority accounts were issued by MHCLG on 30 July 2024. Amendments to the Accounts and Audit Regulations 2015 came into force on 30 September 2024 setting out backstop dates by which all accounts must be audited as follows:

- for 2022/23 by 13 December 2024
- for 2023/24 by 28 February 2025
- for 2024/25 by 27 February 2026
- for 2025/26 by 31 January 2027
- for 2026/27 by 30 November 2027; and
- 2027/28 by 30 November 2028.

CIPFA Review, Reported February 2024, undertaken August/September 2023

5.45 CIPFA undertook an external assurance review of the Council, commissioned by MHCLG, in August/September 2023. The review was commissioned because the Council approached the DfE for additional funding and because MHCLG had also had some concerns over the Council's articulation of its plan across the medium to long term to ensure its financial sustainability and address forecast budget gaps.

5.46 This resulted in 57 recommendations of which 6 were key:

- that BCFT create an Emergency Finance Stabilisation Plan (EFSP) to identify all key areas of spend using the EFSP as the vehicle to document a full financial due diligence.

- that the Council forensically reviews its year-end financial projections to ensure that further overspends are minimised and that there is predictability in their forecasting

- that both parties appoint a mediator to work with the parties to find a mutual resolution to the issues. That the conclusions of the mediator is binding.

- that the Council seeks (with the support of their external auditor) a letter of comfort to confirm to the Council's Executive that the S151's approach to the retrospective application of MRP is within the CIPFA guidance and is within the tolerances as expected and required by the Council's external auditors.

- that BCFT lead on the production of an EFSP (acting independently) with support as required by the Council to provide expertise in the areas requiring further investigation. In parallel that the Council ensures that the right resources are focused on delivering an accurate year-end outturn based on the current forecast. That the new Council CEO is satisfied that the current operating model for the Pillars programme and other savings/transformation initiatives is fit for purpose and can deliver the most optimum and sustainable platform for financial sustainability.

- that the Council and BCFT work together to resolve the cash flow crisis facing the Trust such that BCFT can continue to operate as a going concern.

5.47 While the Council's financial challenges have continued to be identified and far exceed the above. The recommendations have all now been dealt with.

5.48 The fact that the work undertaken by CIPFA was at broadly the same time of the approval of the original Annual Governance Statement raises significant concerns regarding the effectiveness of the process for reviewing and agreeing the original Annual Governance Statement.

Annual Governance process

5.49 All significant issued identified up to and including 30 September 2024 have been reported in this annual governance review. Any additional issues that are identified subsequently will be reported either in the 2024/25 annual governance statement or in future updated versions of this report.

6 West Yorkshire Pension Fund

6.1 The Council is the administering authority for West Yorkshire Pension Fund (WYPF). WYPF produces its own Governance Compliance statement [Governance compliance statement (wypf.org.uk)] which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 and 2008. The Council's own annual governance review is also required to consider and report on the governance arrangements in place for WYPF.

6.2 The Governance and Audit Committee exercises strategic oversight of WYPF on behalf of the Council, and receives regular reports from WYPF's Investment Advisory Panel and Local Pension Board (LPB) as well as an annual finance report.

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

6.4 The LPB's role is to monitor the governance and administration of the LGPS including:

- compliance with LGPS regulations and any other legislation relating to the governance and administration of WYPF
- compliance with any requirements imposed by The Pensions Regulator
- any other matters that MHCLG or the Scheme Advisory Board might specify.

6.5 In addition, WYPF's Joint Advisory Group has overall responsibility for overseeing and monitoring the pensions administration function, and for reviewing and responding to any proposed changes to the LGPS. The Group approves the budget estimates for the pensions administration and investment management functions and approves WYPF's Annual Report and Accounts.

6.6 WYPF has adopted the Council's revised approach to risk management and a risk management report is submitted annually to the Investment Advisory Panel and Joint Advisory Group.

6.7 WYPF is a major partner in the Northern LGPS regional asset pool, which is helping to reduce investment costs and promote investments in major regional and national infrastructure projects. Each quarter a report on the Northern LGPS is taken to the Investment Advisory Panel and the following governance arrangements are in place:

- individual funds retain their role of setting asset allocation and investment policy, but delegate implementation to the Northern LGPS Joint Committee

- the Joint Committee has responsibility for ensuring that appropriate structures and resources are in place to implement the policies set by each fund.
- the Joint Committee consists of two Members appointed by each Fund plus a total of three trade union representatives. It does not have any direct involvement in the appointment of managers, or selection of investments.

7. **Improvement Action Plan**

7.1 The following table sets out how governance weaknesses identified in the Best Value Notice are being addressed. It includes action taken in response to issues identified in section 5 of this report, and outstanding actions from previous years that still need attention.

Issue	Lead Officer	Timescale
Response to Best Value Notice		
Establish an Improvement Advisory Board (IAB).	Chief Executive	IAB now in place and meets monthly
Financial Resilience and Sustainability		
Achieve a financially sustainable position through the development between the Council including all partners, companies etc of a revised financial strategy and Financial Improvement Plan that includes a combination of robust, recurrent, and deliverable actions including: • delivery of £49m savings • additional income generation • further asset disposals over those currently planned. • further capital expenditure reductions • scrutiny of all new expenditure over £500. • reviewing all aspects of the Council's finances • restructuring the finance service and in doing so addressing capacity and capability issues	Interim Director of Finance	Finance Improvement Plan (FIP) now in place, implementation is ongoing
Bradford Children and Families Trust (BCFT)		
The Business Plan for BCFT has now been agreed and will continue to be closely monitored during 2024-25. Improved governance arrangements are now in place: • the Operational Joint Working Group has oversight of contract management and performance, including financial matters. The Strategic Joint Working Group provides executive oversight of BCFT's delivery of statutory responsibilities. • service delivery contract is monitored via Key Performance Indicators (KPIs) and there is a formal process in place to address any KPIs which are deviating from the agreed range.	BCFT Board in conjunction with Interim Director of Finance	Governance arrangements have been improved. At 30 June 2024 BCFT was achieving most of its operational KPI's and was forecasting a break even financial position by 31 March 2025.

Inadequate OFSTED inspection		
The Safeguarding Board will continue to monitor the response to the OFSTED inspection and continue to engage with the inspectors on a regular basis. Progress will be monitored through the regular contract monitoring arrangements between the Trust and the Council.	Strategic Director – Children's in conjunction with BCFT	On-going subject to further inspection in Spring 2025
Local SEND Inspection		
The Council provided a Written Statement of Action (WSOA) Plan to address the areas of weakness on the 21st of September 2022 which was approved by Ofsted. The WSOA was monitored every 90 days. In June 2024 the Council was removed from monitoring of the WSOA by the DfE due to the progress made.	Strategic Director Children's and CCG	Complete
Adults Safeguarding		
Additional investment in the adult safeguarding team was found by redistributing posts from elsewhere in the adult care department to maintain good performance. Despite the numbers of concerns increasing by 25%, every adult safeguarding concern has a decision within 48 hours.	Strategic Director Adults	Complete
Organisational Capacity		
There continues to be, an urgent need to address resource and skills shortages and fill vacancies through job re-design, talent attraction, and advertising and recruitment strategies. A wide range of options are being considered in order to improve recruitment and retention. The impact on statutory compliance will need to be monitored through complaints process and the work of internal audit.	Director of HR Director of Corporate Services and Head of Internal Audit, Insurance and Risk	Some key posts have been filled and interim appointments are addressing capacity issues in other areas. A number of key corporate functions are currently being reviewed in order to assess their existing and future capacity needs and skills levels.
Bradford UK City of Culture 2025		
An interim grant agreement with BCCL was agreed in December 2023 and an overarching document setting out the roles, responsibilities and obligations of all parties has been agreed. An effective and robust governance regime is being developed against which progress can be reported through the Council's existing governance structures.	Director of Legal Services and Programme Director for City of Culture	To be completed and agreed by 31 December 2024
Bradford Live		
As at 30 September 2024, renovation work on the building is now complete although the Council has had to provide a £23.5m loan and has also had to	Director of Legal Services	Contract negotiations to be completed by 31 December 2024. BLL to

provide £18.5m of grants to be funded from Council borrowing. The Council has recently agreed settlement terms with NEC. The Council is currently considering options with a view to making the best use of the venue going forward		be wound up during 2025.
New Choices (Bradford and District) Ltd		
The plan was to set up and operate the company with a view to outsourcing the company to the wider care market by 31 March 2024. About one-third of the activities have been outsourced to date, but limited interest has been expressed in the residual services.	Strategic Director Children's and CCG	A review is underway to improve the governance and financial position of the company in preparation for future transfer onto the wider care market.
Internal Audit		
Staffing issues are now being addressed and a revised internal audit plan for 2024/25 was presented the Governance and Audit Committee in September 2024. This should ensure that the work of Internal Audit is flexible, aligned to the Council's corporate objectives and adequately covers the Council's key risks.	Interim Director of Finance	Ongoing throughout 2024/25 as Internal Audit work is delivered.
Risk Management Arrangements		
A revised Risk Management Strategy is now in place together with new processes for identifying, managing and recording risks and additional resourcing. The Governance and Audit Committee now exercises oversight of risk management and receives regular reports.	Interim Director of Finance	Ongoing - improved arrangements are now in place but embedding effective risk management will be an incremental process that is likely to take some time.
Delays in External Audit		
The audit completion certificate for 2021/22 was received in July 2024. The audit for 2022/23 is expected to be completed by the end of 2024 and has been reported to the Governance and Audit Committee.. Delays in completing audit work and sign-off are likely to continue in the short-term however backstop dates have now been announced by MHCLG. Preparation of annual accounts up to and including 2023/24 is now up to date. Work is ongoing to address the two significant weaknesses identified by the external auditor, namely: ➢ To improve the Council's financial planning and control procedures to achieve financial sustainability over the medium-term; and	Interim Director of Finance	Backstop dates for completion of current audits are 13 December 2024 for 2022/23 and 28 February 2025 for 2023/24. .

➢ Implement robust monitoring and reporting processes for childrens services to ensure the improvements required by Ofsted are realised.		
Response to CIPFA Review		
Develop a detailed Improvement Plan (IP) to respond to the issues raised in the CIPFA Report	Interim Director of Finance	IP now in place, implementation is ongoing
Review of the Constitution and Financial Regulations		
The Council has begun a full review of its Constitution, Scheme of Delegation and Financial Regulations. Due to the scale of this task, the work will be completed in tranches and commenced in July 2024. This will be a crucial element of the framework for the future development and governance of the organisation.	Director of Corporate Resources	July 2024 and on-going

8. Conclusion

8.1 During the summer of 2023 the Council was subject to a review on behalf of the Secretary of State for DLUHC. The review was undertaken by the Chartered Institute of Public Finance and Accountancy. The report was published on 29 February 2024 and highlighted a significant number of internal control and governance weaknesses at City of Bradford MDC.

8.2 The Council is also facing an extremely challenging financial position. During 2023/24 it has had to apply for, and has been granted, exceptional financial support from the Government in the form of a capitalisation direction of £220m for the two years 2023/24 and 2024/25. This will continue at a current planned reducing level of £573m for up to 5 years. This additional support has allowed the Council to set a balanced budget and to maintain adequate levels of General Fund reserves but it only represents a short-term solution. Improving the Council's financial position over the longer term will require significant revenue savings alongside reductions to borrowing levels and capital spending plans as set out in the Council's improvement plan.

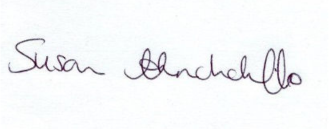
8.3 Given the circumstances outlined above, the Council acknowledges that effective systems of internal control, governance and risk management were not in place throughout the financial year 2023/24. However specific opportunities to improve and develop the Council's governance arrangements have been identified and are being addressed. We pledge our commitment to addressing these issues over the coming years and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of City of Bradford MDC:

Leader

Councillor Susan Hinchcliffe

Date: 21st November 2024



Chief Executive

Dr Lorraine O'Donnell

Date: 21st November 2024