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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Agenda for a meeting of the Governance and Audit Committee to be held on Thursday, 25 November 2021 at 10.30 am in Ernest Saville Room - City Hall, Bradford

Members of the Committee – Councillors

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT
Tait (Ch) Thornton Godwin	Pollard	Reid

Alternates:

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT
M Slater Azam T Hussain	Felstead	J Sunderland

Notes:

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of the agenda item.
- Given the restrictions on room capacity, any Councillors and members of the public who wish to make a contribution at the meeting are asked to email fatima.butt@bradford.gov.uk by 10.30 on Tuesday 23 November 2021 and request to do so. You will then be advised on how you can participate in the meeting. Access to the meeting cannot be guaranteed if those wishing to attend do not register given the Council must comply with the Covid regulations and guidance in place at the time.

On the day of the meeting you are encouraged to wear a suitable face covering (unless you are medically exempt) and adhere to social distancing. Staff will be at hand to advise accordingly.

From:
Parveen Akhtar
City Solicitor
Agenda Contact: Fatima Butt
Phone: 01274 432227
E-Mail: fatima.butt@bradford.gov.uk

To:

A. PROCEDURAL ITEMS

1. ALTERNATE MEMBERS (Standing Order 34)

The City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

(1) Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.

(2) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

(3) Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.

(4) Officers must disclose interests in accordance with Council Standing Order 44.

3. MINUTES

Recommended –

That the minutes of the meeting held on 23 September 2021 be signed as a correct record (previously circulated).

(Fatima Butt – 01274 432227)

4. INSPECTION OF REPORTS AND BACKGROUND PAPERS

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Fatima Butt - 01274 432227)

B. BUSINESS ITEMS

5. MINUTES OF WEST YORKSHIRE PENSION FUND BOARD HELD ON 22 JUNE 2021 & 14 SEPTEMBER 2021 — 1 - 20

The role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme.

The Director of West Yorkshire Pension Fund will submit **Document "O"** which reports on the minutes of the WYPF Pension Board meetings held on 22 June and 14 September 2021.

Resolved-

That the minutes of the West Yorkshire Pension Fund Pension Board meetings held on 22 June and 14 September 2021 be considered and noted.

(Caroline Blackburn – 01274 434523)

6. UPDATE ON COMPLAINTS PERFORMANCE AND ACTIVITY — 21 - 30

The Director of Finance and IT will submit **Document "P"** which presents an update on the Council wide complaint handling performance and activity outcomes, for Quarter 1 and Quarter 2 of the current financial year, to assure the Committee that the Council's complaint handling arrangements are improving and that progress is being made on implementing identified key improvement actions.

Recommended -

(1) That the performance improvements detailed within Document "P" be noted and that the ongoing improvement actions be supported.

(2) That the 2021/22 full annual performance report is submitted to the Committee in Spring / Summer 2022.

(Harry Singh – 01274 437256)
(Tracey Banfield – 01274 434794)

7. INTERNAL AUDIT PLAN 2021/22 - MONITORING REPORT AS AT 30 SEPTEMBER 2021 31 - 48

The Director of Finance and IT will submit **Document "Q"** which monitors the progress made by Internal Audit against the Internal Audit Plan for 2021/22 as at 30 September 2021.

Recommended -

(1) That the anticipated coverage and changes of Internal Audit work during the year be endorsed.

(2) That Internal Audit be requested to monitor the control environment, risk management and governance arrangements and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.

(Mark St Romaine – 01274 432888)

8. TREASURY MANAGEMENT MID-YEAR REVIEW UP TO 30 SEPTEMBER 2021 49 - 70

The Director of Finance and IT will submit **Document "R"** which reports on the Councils Treasury Mid-Year Review up to 30 September 2021.

The mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2021/22 financial year.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators.
- A review of the Council's investment portfolio for 2021/22.
- A review of the Council's borrowing strategy for 2021/22.
- A review of any debt rescheduling undertaken during 2021/22.

- A review of compliance with Treasury and Prudential Limits for 2021/22.

Recommended -

That the details in paragraph 3 of Document "R" be noted and the report be referred to the 14 December 2021 Council meeting for adoption.

(David Willis – 01274 432361)

9. AUDIT COMPLETION REPORT 2020/21 - AUDIT OF CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL 71 - 114

The External Auditor will present **Document "S"** which summarises the findings from the audit of the City of Bradford Metropolitan District Council for the year ended 31 March 2021.

Recommended-

That the Committee is asked to:

- **note the contents of the Audit Completion Report prior to approving the Statement of Accounts and**
- **approve the letter of representations requested at Appendix A.**

(Mark Outterside – 07824 086 593)

10. STATEMENT OF ACCOUNTS 2020/21 115 - 256

The 2020-21 Statement of Accounts (SOA) have been externally audited and are now presented to the Committee for approval. The External Auditor (Mazars) has reported their findings in a separate Audit Completion Report. Members are asked to consider this before approving the SOA.

The Director of Finance and IT will submit **Document "T"** which presents the 2020-21 audited Statement of Accounts (Appendix A) and summarises the key financial points.

Recommended-

That the 2020-21 Statement of Accounts be approved and signed by the Chair of the Committee.

(Chris Chapman – 01274 433656)

11. MINUTES OF WEST YORKSHIRE PENSION FUND JOINT ADVISORY GROUP HELD ON 29 JULY 2021 257 - 268

The Council's Financial Regulations requires the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with this requirement, the Director of West Yorkshire Pension Fund will submit "**Document "U"** which reports on the minutes of the meeting of the WYPF Joint Advisory Group held on 29 July 2021.

Recommended –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group held on 29 July 2021 be considered.

(Rodney Barton – 01274 432317)

12. EXCLUSION OF THE PUBLIC

Recommended –

That the public be excluded from the meeting during the consideration of the items relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 29 July 2021 because the information to be considered is exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972. It is also considered that it is in the public interest to exclude public access to this item.

13. MINUTES OF WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL HELD ON 29 JULY 2021

The Council's Financial Regulations requires the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with this requirement, the Director of West Yorkshire Pension Fund will submit **Not for Publication Document "V"** which reports on the minutes of the meeting of the WYPF Investment Advisory Panel held on 29 July 2021.

Recommended –

That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 29 July 2021 be considered.

(Rodney Barton – 01274 432317)

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 25 November 2021

O

Subject:

Minutes of West Yorkshire Pension Fund (WYPF) Local Pension Board meetings held 22 June 2021 and 14 September 2021

Summary statement:

The role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS.

City of Bradford Metropolitan District Council (the Council), as Scheme Manager, as defined under section 4 of the Public Service Pensions Act 2013, has delegated legal and strategic responsibility for West Yorkshire Pension Fund (WYPF) to the Governance and Audit Committee.

The minutes of the WYPF Pension Board meeting are to be submitted to this committee.

Rodney Barton
Director

Report Contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@bradford.gov.uk

Portfolio:

Leader of Council & Strategic Regeneration

Overview & Scrutiny Area:

[Insert where appropriate]

1. SUMMARY

- The Council's Financial Regulations require the minutes of meeting of WYPF Local Pension Board to be submitted to this committee.

2. APPENDICES

- Appendix A - Minutes of WYPF Local Pension Board 22 June 2021
- Appendix B – Minutes of WYPF Local Pension Board 14 September 2021

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 22 June 2021 in Aldermanbury House, 4 Godwin Street, Bradford, BD1 4ST

Commenced 10.20 am
Concluded 10.35 am

Present – Members of the Committee

Employer representatives	Member Representatives
Councillor S Lal (Chair) – Bradford **Councillor L Martin – Leeds** **Ms R Manning – Employer**	**Mr G Nesbitt – GMB** **Mr M Binks – Unison** **Mr C Sykes - Unison**

Apologies: Andy Jones and Councillor Hilary Mitchell

Councillor Lal in the Chair

1. DISCLOSURES OF INTEREST

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: City Solicitor

2. MINUTES

Resolved –

That the minutes of the meeting held on 23 March 2021 be signed as a correct record.

Action: City Solicitor

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

4. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document "A**") which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to the Pensions Regulator as soon as it is reasonably practicable where that person had reason to believe that:

(a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and
(b) The failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any Breaches of Law was, therefore, maintained in accordance with the Pensions Regulators requirements and WYPF Breaches Procedure.

It was confirmed that the Register of Breaches 2020/21, appended to the report, had been completed and all breaches were recorded and closed.

The entries on the Register of Breaches for 2021/222, also appended to the report, reported delays with Prudential updating members accounts with contributions which had delayed the payment of some retirement benefits. Meetings had been held with the Prudential and an action plan produced to rectify the issue. The plan resulted in some action being taken but it was felt that it was not as timely or comprehensive as necessary. The breach was considered to be of material significance due to the number of members involved and the ongoing and prolonged rectification of the issue. As a result, it had been reported to the Pensions Regulator and a copy of that report was attached to the report as Appendix C. The number of delayed payments stated in that report was the situation at the end of July 2021 and it was confirmed that those numbers had now reduced and the situation was being monitored.

Resolved –

That the entries on the Register of Breaches of Law be noted.

ACTION: Director, West Yorkshire Pension Fund

5. TRAINING, CONFERENCES, SEMINARS AND PENSION BOARD TRAINING PLANS

The report of the Director, West Yorkshire Pension Fund, (**Document "B**") reminded Members that to understand their responsibilities and the issues they were dealing with was a very high priority. It was agreed that as the agenda being considered at the rise of the meeting contained a more current account of the training courses, conferences and seminars available the issue would be considered at that time.

Resolved –

That consideration was given to attendance by Board Members at the events in Section 1 (Document "B") and that members note the requirement to complete the Pension Regulators toolkit training.

ACTION: Director, West Yorkshire Pension Fund

6. WYPF 2020/21 REVISED ESTIMATES AND 2021/22 ORIGINAL ESTIMATES

The Director, West Yorkshire Pension Fund, presented **Document "C"** which advised Members that, in accordance with Local Government Pension Scheme Regulations, costs of managing LGPS pension funds must be charged to the pension fund accounts and not to local authorities' general fund accounts.

It was explained that the budget proposals reported would deliver pension administration services to both LGPS and fire services pension scheme members and employers across the UK and would be used to manage over £16bn WYPF investment assets. WYPF service strategy was to maintain service quality and cost performance, not necessarily the lowest cost in all areas, but a balance of cost and performance.
The report revealed the latest spend forecast for 2020/21 was £12.24m against a budget of £14.85m, net underspend of £2.61m. Whilst, the underspend was welcomed, as expected Covid-19 had impacted on all activities. The business continuity plan was tested to the limit, it was reported, however, that the Fund was able to rapidly move staff out of offices to work from home, with full home and mobile working equipment. As a result, IT cost went up, but office running costs had reduced. It was confirmed that during the ongoing pandemic all services were managed and delivered and some services were expanded.

Cost per member for 2020/21 was to be £33.53 (latest government data 2019/20 £41.94). Compared to 2019/20 the largest cost savings were: a reduction in investment custody charges, unused provision for backdated pay awards and stalled recruitment activities due to Covid-19. The 2nd lowest LGPS fund, Nottinghamshire, was £60.93. The 2020/21 WYPF cost per member of £33.53 was £27.40 (43%) below Nottinghamshire, therefore WYPF should maintain the lowest LGPS cost.

It was reported that the proposed budget for 2021/22 was based on zero base cost analysis, the base budget, before income was £15.42m. Projected shared services income was £2.5m and miscellaneous income £0.23m. Net charge to WYPF was £12.69m. Budget pressures in 2021/22 were McCloud, home working, digital services, cyber security and pension scams. The budget would support over £16 billion pension fund asset, 494,000 members, 900 employers and 22 pension administration services across the UK

Resolved –

That the projected outturn of £12.68m against budget of £14.85m for 2020/21 be noted.

That a budget of £15.42m for 2021/22 be noted.

That the Government SF3 data - total pension cost per member of £41.94 for 2019/20 making WYPF the lowest cost LGPS scheme for 2019/20 be noted.

Action: Director, West Yorkshire Pension Fund

7. LGPS SCHEME UPDATES AND OVERRIDING PENSIONS LEGISLATION

The report of the Director, West Yorkshire Pension Fund, (**Document "D**") updated the Local Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters including:

Consultation on Fair Deal – Strengthening pension protection

A response to the Ministry of Housing, Communities and Local Government (MHCLG) on Fair Deal – Strengthening pension protection was still awaited.

McCloud and valuation guidance

Luke Hall, the Local Government Minister had made a written statement on McCloud and the Local Government Pension Scheme (LGPS). The statement confirmed the key changes to scheme regulations that would be made to remove age discrimination from the LGPS. The statement confirmed that:

- The age requirement for underpin protection will be removed
- A member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection
- The remedy period will end on 31 March 2022
- The underpin calculation will be based on final pay at the underpin date, even if this is after 31 March 2022
- There will be two stages to the underpin calculation: the first is the date of leaving, or age 65 if earlier, the second when the benefits are paid
- The regulations will be retrospective to 1 April 2014.

MHCLG were expected to issue a full response to the consultation and to publish draft regulations later this year. Alongside publication of the McCloud consultation, HM Treasury announced that the pause of the cost control mechanism would be lifted and the process would be completed "next year". The Scheme Advisory Board (SAB) would also be re-examining its results from its cost management process.

It had also been announced that there would be a review of the cost management process, however this would not affect the calculations completed in 2016 or 2020.

Annual Report for the Local Government Pension Scheme

The report for the year ending 31 March 2020 had been published on 28 April 2021 and key highlights contained in that report were**:**

- The total membership of the LGPS grew by 261,000 (4.2%) to 6.1m

members in 2020 from 5.9m in 2019.

- The total assets of the LGPS decreased to £276bn (a change of -4.9%). These assets were invested in pooled investment vehicles (68%), public equities (14%), bonds (6%), direct property (3%), as well as other asset classes (9%).
- The Local Authority return on investment over 2019/2020 was -4.8%. This was reflective of the market conditions during the year and set against the UK Return of -28.3%.
- The scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8m pensioners were paid over the year.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

8. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document "E" relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 29 April 2021 because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It was considered that, in all the circumstances, the public interest in maintaining this exemption outweighed the public interest in disclosing this information as it was in the overriding interest of proper administration that Members were made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

Action: Director, West Yorkshire Pension Fund.

9. MINUTES OF THE WYPF INVESTMENT ADVISORY PANEL 29 APRIL 2021

The report of the Director, West Yorkshire Pension Fund, (**Document "E"** – containing a **Not Publication Appendix**) reminded Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

The Minutes of meeting of WYPF Investment Advisory Panel were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the Not for Publication minutes of the Investment Advisory Panel on 29 April 2021 appended to Document "E" be noted.

Action: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 14 September 2021 in Aldermanbury House, 4 Godwin St, Bradford, BD1 2ST

Commenced 10.35 am
Concluded 11.40 am

Present – Members of the Board

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford Councillor L Martin – Leeds Ms R Manning - Employer	Mr G Nesbitt – GMB Mr M Binks – Unison Mr C Sykes – Unison

Apologies: Andy Jones and Councillor Hilary Mitchell

Councillor Lal in the Chair

10. DISCLOSURES OF INTEREST

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: City Solicitor

11. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

12. WEST YORKSHIRE PENSION FUND (WYPF) UNAUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2021

The report of the Director, West Yorkshire Pension Fund **(Document "F")** was submitted to the Board to provide the details of financial activities and financial performance for the year 2020/21 as well as key financial activities during the year in the form of an unaudited report.

In order to comply with statutory accounting requirements for Local Government and Local Government Pension Schemes, WYPF must prepare an annual

audited report and accounts. The 2020/21 Reports and Accounts was presented to the Joint Advisory Group to note, before being presented to Bradford Council Governance and Audit Committee later in the year for approval.

Deadlines for publication of WYPF audited accounts were specified within the report as these had been subject to statutory changes. Audited accounts were due to be published by 30 September 2021, a version of which would form part of Bradford Council's accounts.

Despite the impact of home working and the COVID pandemic, Officers were still confident that the deadlines would be met.

The report included details of member and employer numbers, and the performance against KPI's plus the breakdown of costs per member which placed WYPF favourably when compared with other similar schemes.

The report also indicated that the value of the fund had recovered what had been wiped off as a result of the COVID pandemic, an increase of £3,112.9m (23.6%) from £13,214.3m to £16,327.2m.

Officers further advised that Bradford Council's accounts would possibly be delayed until October 2021 but that the auditors, Mazars, were making good progress towards the amended target date.

The scheme was funded to 108% and would be cash positive for the next ten years so there would be no need to sell assets to pay pensions.

Resolved –

That the report (Document "F") be reviewed and noted.

Action: Director, West Yorkshire Pension Fund

13. WEST YORKSHIRE PENSION FUND FIVE-YEAR INTERNAL AUDIT PLAN 2021/22 TO 2025/26

The report of the Director, West Yorkshire Pension Fund, **(Document "G")** presented the latest five-year internal audit plan for West Yorkshire Pension Fund (WYPF). Members were made aware that the plan was reviewed annually between WYPF finance team and CBMDC internal audit by carrying out a detailed assessment of WYPF business risks, pensions and investment regulatory compliance environments, and service developments.

The report revealed that the latest plan had been reworked to take account of Covid-19 impact on services and operations. It is also anticipated that internal audit resources may be moved at short notice to support high risk areas. In order to manage audit work plan, address emerging risks and maintain sector intelligence there was a regular monthly meeting between CBMDC Internal Audit Manager, in attendance at the meeting, and WYPF Financial Controller; and a quarterly meeting with the Director of WYPF.

It was confirmed that all internal audit recommendations in 2020/21 were

delivered within agreed timescales. It was explained that automated processes required to address discretional arrangements with employers for flexible retirement were not yet implemented but a number of reports had been produced and measures had been taken to update member records in the interim.

Resolved –

That the report (Document "G") be reviewed and noted.

Action: Director, West Yorkshire Pension Fund

14. WEST YORKSHIRE PENSION FUND (WYPF) PRODUCTION OF ANNUAL BENEFIT STATEMENTS FOR MEMBERS 2021.

The report of the Director, West Yorkshire Pension Fund **(Document "H")** was submitted to the Board in order to update Members on the Annual Benefit Statement (ABS) Production project to provide all eligible members with an annual statement. LGPS funds were required by legislation (regulation 89 of LGPS Regulations 2013) to provide statements to active, deferred, deferred pensioners and credit members within 5 months of year end (March 2021). The IPR also required LGPS funds to meet the August deadline and any significant breach of the deadline would be self-reported alongside an action plan to remedy the situation.

Members were encouraged to register to access statements online as part of the aim to reduce WYPF carbon footprint.

The performance report indicated that 99.99% of ABS statement target had been met. An explanation of the other 1% was provided as a break down, which did not constitute a breach reportable to the IPR.

Officers further advised that Barnet, a recent addition to the customer base was now up to 98% on time but had joined without good pension records.

The report also included details of how data was maintained and the template used for ABS which resulted in less enquiries for estimates as more information on pension amounts and lump sum payments was included.

Resolved –

That the report (Document "H") be considered and noted.

Action: Director, West Yorkshire Pension Fund

15. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

The report of the Director, West Yorkshire Pension Scheme **(Document "I")** updated the Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters.

With regard to McCloud and valuation guidance Document "I" reported that on 19 July 2021, H M Treasury had formally introduced to Parliament the Public Service

Pensions and Judicial Offices Bill, which made provision to rectify the unlawful age discrimination identified by the McCloud judgment.

For the Local Government Pension Scheme that guidance confirmed which members would be in scope and what service was 'remediable'. Enabling legislation would allow for scheme regulations to be changed to implement the McCloud remedy. The second reading of the Bill was in the House of Lords on 7 September 2021.

Alongside publication of the McCloud consultation, HM Treasury had announced that the pause of the cost control mechanism would be lifted and the process would be completed "next year". The Scheme Advisory Board (SAB) would also be re-examining its results from its cost management process.

An update on the Money and Pensions Service - Pensions dashboard reported that on 27 May 2021, the Pensions Dashboard Programme (PDP) had launched a call for input on staging. The purpose of the call for input was to gather feedback and insight from pension schemes that would inform Government policy on staging. The PDP was recommending that all public service pension schemes should be on board in the initial wave – a two-year period starting from April 2023. It was expected that the public sector would be towards the end of the staging process.

It was reported that the Pensions Regulator (TPR) had published the results from the Public Service Pension Scheme Governance and Administration Survey 2020-21 on 1 July 2021. The survey found little change since 2019 for the key processes that TPR monitored as indicators of performance. Two-thirds of LGPS administering authorities who responded to the survey had all six processes in place. The six key processes were outlined in Document I.

The results also revealed improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time. Governance had generally stood up well given the unique challenges the last year had presented.

Resolved –

That the report be noted

Action: Director, West Yorkshire Pension Fund

16. WEST YORKSHIRE PENSION FUND DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund **(Document "J")** was submitted to the Board to provide Members with an update on how WYPF managed and maintained accurate data in accordance with The Pension Regulator's (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014.

The report detailed what the requirements were and an explanation of the types of data collected and assessed for accuracy, including the key objectives and desired outcomes. The report also gave details of additional responsibilities that

rested with Officers and employers. The report was submitted along with two appendices which showed the details of the Data Improvement Plan and a breakdown of errors including their type.

There were a number of ongoing checks and mechanisms to prevent duplication and errors:

- LGPS national insurance database – data sharing to prevent duplicate payment of death grants
- 'Tell us once' Service – this allows the Department of Work and Pensions(DWP) to pass on information to other Government and Council services when a death is registered
- National Fraud Initiative – a service that matches data between public and private sector bodies to detect and prevent fraud
- Mortality Screening and Tracing service – WYPF would engage with a Tracing Bureau for both monthly mortality screening and to obtain addresses for members if we do not have one
- Annual Benefits Statements checks – checks for accuracy of data for active accounts before statements are produced
- Deferred Pensions increase - As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved
- Annual Deferred Benefits Statements checks – data error checking that prevents potentially inaccurate statements being issued

Data Quality reports would be produced each quarter to measure data quality scores and identify areas where further action may be required.

Resolved –

That Document "J" and the WYPF Data Improvement Plan, appended to that Document, be noted.

Action: Director, West Yorkshire Pension Fund

17. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report **(Document "K")** which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015, all Public Service Pension Schemes now came under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to The Pensions Regulator as soon as it was reasonably practicable where that person had reasonable cause to believe that:

(a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and
(b) The failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any breaches of the Pensions Code of Practice was maintained in

accordance with the WYPF Breaches Procedure. The Register of Breaches 2021/22 was appended to Document "K". Members were advised that the register for 2021/22 contained issues with Prudential discussed at the previous meeting (22 June 2021) and a list of employees that had failed to pay employee contributions by the deadline of the 21st of each month. It was confirmed that all monies had ow been received.

Resolved –

That the report and entries on the Register of Breaches of Law, contained in the appendix to Document "K", be noted.

Action: Director, West Yorkshire Pension Fund

18. WEST YORKSHIRE PENSION FUND PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund **(Document "L")** was submitted to the Pension Board to provide an update on the administration activities undertaken in the previous six months.

In addition to providing pensions administration for WYPF scheme members, WYPF provides a full administration service to Lincolnshire Pension Fund, the London Boroughs of Hounslow and Barnet plus twenty one Fire Authorities. This service includes pensioner payroll (except for the London Borough of Hounslow), all member and scheme level events, reporting to statutory bodies, provision of data to external bodies and local authorities for the production of the scheme accounts.

The report included a variety of statistics that detailed performance against a number of key performance indicators (KPI's) and explanation was given for underperformance against a number of these. The work being undertaken was also broken down into types and showed work in progress and work pending which provided a clear picture of where the volume of work was and what type of tasks were included.

The bulk of work in terms of volume consisted of the following categories:

Current Member – changes to member records, changes to AVC's, queries from monthly postings

Early Leavers – calculation of refunds, calculation of deferred benefits, contribution postings, queries

Linkings – multiple employments where members can link those employments

Misc – All other types of work i.e. phones calls to return, general enquiries.

Retirements - Retirement quotes and actuals, deferred benefits into payment (quote and actual)

Transfers – Transfers in and out (quote and actual), AVC transfers, Divorce.

The report also stated that membership was 470,031 across the various schemes and a breakdown was provided in a document appendix.

The latest information on complaints, praise, training and internal conflict resolution procedures was reported. WYPF operated a two-stage procedure for resolving issues of conflict with stage 1 managed by employer adjudicators or the Director of WYPF in cases involving the administering authority (Bradford). Stage 2 appeals were considered by the Chief Executive of Bradford City Council.

Annual Benefit statements and Deferred Benefit statements were being issued electronically. Members were encouraged to register online but hard copies were still available if any Members preferred paper copies. The percentage of ABS/DBS statements issued on time stood in excess of 99%.

Some additional information was provided as an update for Members including details of recent audits with their outcomes, the latest information regarding recruitment, the numbers and percentages of member registration on the portal and confirmation that WYPF had been shortlisted for three awards;

DB Scheme of the Year
Pension Scheme Communication Award
Pension Administration Award

Unfortunately, none of the awards were won by WYPF but it was significant recognition in relation to the calibre of the competition from both the public and private sector providers.

The report concluded that WYPF continued to provide an efficient and cost effective service of a high standard to both members and employers.

Officers further advised that the member survey taken had received positive feedback with the only complaint relating to the difficult process when transferring out (part of measures to combat pension fraud). The audit on transfers in had an excellent outcome with no recommendations for improvement. Quality audits for ISO 9001 were still carried out and the report provided details of the types undertaken along with confirmation that no recommendations for improvement were made.

There was only one question from Members in relation to the administration function to clarify that when monitoring responses and time taken to resolve issues that if the pension fund is waiting for documents that this is excluded from the period recorded.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

19. McCLOUD - EFFECTS ON LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The report of the Director, West Yorkshire Pension Fund (**Document "M**") provided an update on the effects on the Local Government Pension Scheme (LGPS) of a long awaited consultation on applying the remedy to address the age discrimination inherent with the transitional protections that were adopted by the public service scheme in 2014.

Members were aware that further draft LGPS regulations were expected by the end of 2021. This would enable progress to be made on upgrading administration systems to allow for the changes as well as help administering authorities plan their communication and rectification programmes.

Preparatory arrangements to allow the Fund to prepare for the considerable amount of work which would be required were reported including the appointment of new staff and provision of training to allow the fund to address the substantial work required alongside the normal activities once the LGPS regulations were announced.

In response to questions it was explained that the McCloud judgement would affect all those in the scheme in 2021 and 2014. Pensions would be checked and all would receive whichever was the better of the CARE or final pension scheme. From 1 April 2022 all new members would be placed in the correct scheme.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

20. PENSIONS DASHBOARD

The report of the Director, West Yorkshire Pension Fund **(Document "N")** was submitted to the Pension Board to provide an update on the progress relating to the Pensions Dashboard.

In 2019, the Government established the Money and Pensions Service (MaPS) to bring together the Money Advice Service, Pension Wise and Pensions Advisory Service. These government backed bodies were created to raise awareness of pension options and regulations. The Pensions Dashboard was launched in 2020 and was still in progress.

The aims of the Dashboard would be as follows:

- Connect individuals with their pension assets under one account
- Plain English will replace industry jargon
- Create a dashboard to show estimated retirement income for individual pension pots, including the state pension
- Improve access to impartial guidance/regulated advice
- Present pension information in a simple, easy to understand format
- Increase awareness and confidence in the sector
- Encourage empowerment and informed pension choices
- Positive contribution to the overall financial well-being of individuals

MaPS would develop a dashboard to help people access information and guidance but other organisations would also develop dashboards.

The task was very large as it involved 52 million adults using 43,000 providers and much work was needed to ensure security of access and key data points which would underpin dashboards to provide common language for pensions. All providers would provide consistently adequate information up to a common standard. Data collection and input would need to start in order to meet the rollout deadline in 2023.

Due to the complexity of systems and providers in the UK pensions market the task of integration would be considerable and 'onboarding' of providers would need to be staged. The report set out what would need to be achieved before this could take place with an indicative timeline of milestone events. Providers would connect in stages due to the very large numbers of those involved.

The report concluded that the Pensions Dashboard Programme (PDP) would put pressure on providers to ensure that data gaps are addressed so that the right information of the necessary quality could be added to the dashboards, that the McCloud remedy and GMP equalisation would bring additional pressure and that legislation compelled providers to make pensions information available via dashboards.

Members were then given the opportunity to ask questions or comment. The details of which and the responses received are below:

A Member asked who would be paying for the impact of the McCloud remedy and was advised that it would be the pension fund, employers would effectively be paying for it. Officers also stated that the dashboard system would need to be funded as well.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

21. TRAINING, CONFERENCES AND SEMINARS INCLUDING DETAILS OF WEST YORKSHIRE PENSION FUND ANNUAL MEETINGS.

Members were reminded that training to understand their responsibilities and the issues they will be dealing with was a very high priority and that they had a legal requirement to keep their pensions knowledge up to date. Pension Board Members were also requested to note the requirement to complete the Pension Regulators toolkit training.

The report of the Director, West Yorkshire Pension Fund, (**Document "O"**) informed Members of training courses, conferences and seminars which may be of assistance. Details of the WYPF annual meetings were also included in the report.

The Local Government Fundamentals training was particularly recommended for

new Members and to those wishing to refresh their knowledge. This was a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Attending all three days would assist delegates in meeting the relevant requirement for knowledge, skills and understanding either required in statute or encouraged by relevant guidance. In response to concerns about the availability of Members it was confirmed that the sessions could be attended in person or virtually and Members could attend all, or a mixture, of the three days arranged.

It was explained that with the fund's valuation approaching a valuation training session would be arranged for both the Pension Board and Joint Advisory Group in January 2022 and efforts would be made to hold that session virtually.

The report detailed the Pension Regulators toolkit training which should be completed by all. Once completed a copy of the completion certificate should be given to the Head of Employer Services and Compliance.

The Trustee toolkit was a free, online learning programme aimed at trustees of occupational pension schemes. It included a series of online learning modules and downloadable resources developed to help you meet the minimum required level of knowledge and understanding introduced in the Pensions Act 2004. Links to the toolkit and other online training from Aberdeen Standard Investments Learning Gateway were provided.

The Pensions Regulator would be reviewing codes of conduct and Members would be sent a link to access training on that topic.

Details of the Members and Employer annual meetings were provided and Members were encouraged to attend the virtual sessions.

Following discussions about divestment of investments a Member reported how useful previous training on ethical investment training was and how it had helped them to understand their obligations. It was suggested that the training be repeated.

Members were advised that all training and development costs would be met by the Fund and they were requested to contact Caroline Blackburn to book on any of the sessions or for any further information required.

Resolved –

Members were asked that consideration was given to attendance at the events in Section 1 of Document "O" and to note the requirement to complete the Pension Regulators toolkit training.

Action: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance & IT to the meeting of the Governance & Audit Committee to be held on 25th November 2021

P

Subject:

Update on Complaints performance and activity

Summary statement:

The purpose of this report is to present an update on the Council wide complaint handling performance and activity outcomes, for Q1 and Q2 of the current financial year, to assure the Committee that the Council's complaint handling arrangements are improving and that progress is being made on implementing identified key improvement actions.

EQUALITY & DIVERSITY:

This report concludes there are no equality and diversity implications which negates the need for an Equality Impact Assessment.

Chris Chapman
Director of Finance & IT

Portfolio:
Leader of the Council & Corporate

Overview & Scrutiny Area: Corporate

Report Contact: Harry Singh / Tracey Banfield
Head of Corporate Investigations, Information Governance & Complaints
Phone: (01274) 437256 / 434794
E-mail: harry.singh/ traceybanfield@bradford.gov.uk /

1. SUMMARY

The purpose of this report is to present an update on the Council wide complaint handling performance and activity outcomes for Q1 and Q2 of the current financial year to assure the Committee that the Council's complaint handling arrangements are improving and that progress is being made on implementing identified key improvement actions.

2. BACKGROUND

On 22nd April 2021 the Committee was presented with the 2020/21 annual Complaints report which highlighted the performance issues the Council was facing in responding to complaints and the key improvement actions being taken to improve performance. Committee requested a report on progress at the half yearly point of the current financial year 2021/22.

3.0 OTHER CONSIDERATIONS

3.1 Performance

The following table (*Table 1*) represents the Councils overall performance, in responding to the different complaint stages, within the current prescribed timescales (*See **Appendix 1***), for the year ending 31st March 2021 and for Q1 and Q2 of the current financial year ending 31st March 2022. A full performance breakdown is shown at ***Appendix 2***.

TABLE 1	**2020/21**	**2021/2022 YTD**	**Q1 21/22**	**Q2 21/22**
% of Pre-complaints responded to in time	29%	30%	23%	36%
% of Stage 1 responded to in time	49%	58%	60%	56%
% of Stage 2 responded to in time	41%	71%	53%	87%

As is demonstrated in the table above there has been performance improvements in responding to all complaint types in the first 2 quarters of the current financial year and as can be seen from the latest Q2 figures the performance improvement when compared with the 2020/21 financial year outurn has improved across all complaint types.

The introduction of a Corporate Complaints Team (CCT) Service Improvement Plan with key improvement actions has, without doubt, been the catalyst for improvement and *Table 2* below demonstrates the progress made in the key actions highlighted in the report to Committee on 22nd April 2021.

TABLE 2	
1. Introduction of specific complaints handling key performance indicators monitored at a senior level.	√ A comprehensive suite of complaint handling KPI's have been developed and are to be shared with CMT and Services / Departments on a regular basis. This has helped identify areas for improvement within the service

2. Consistent recording of the complaints received by the different Departments and Services in the Council, to assure the reliability of the management information.	√All complaints are now directed into the CCT who are responsible for recording them and ensuring that they are responded to by Services/Departments within the appropriate timescales, using a new escalation process where necessary. Activity continues in ensuring complaints are appropriately identified and recorded wherever they arrive within the Council
3. Consideration of a single CRM solution which will incorporate complaints	*X* Work on this has not yet started - the Council is contracted to a bespoke Complaint handling system until Summer 2022 at the earliest. The performance indicators introduced do cover all complaints recorded
4. Equipping the CCT with the capacity and resources to support and drive improved Council wide complaint handling performance and to support the monitoring of trends to improve service delivery and/or reduce further complaints.	*In progress* Based on the volumes of work, approval for an additional 3 permanent staff was given in addition to temporary Agency staff pending their appointment to clear backlogs.
5. Reviewing the current complaint handling operating model to ensure it is fit for purpose and supports the ambition to improve performance.	*In progress* Whilst some changes to the operating model have been identified these changes are yet to be fully implemented. The improvement in performance does evidence the positive impact of changes made to date
6. Reaffirming responsibilities and accountabilities for complaint handling across Departments and Services.	*In progress* Guidance is currently being drafted to share with Departments and Services and a more generic way of working has been introduced into the CCT. Additionally CMT have been asked to approve some further key changes and processes.
7. Assessing whether the improvement actions introduced in Information Governance, which gave rise to significant performance and process improvement, could be replicated	√ A number of process improvements have been successfully replicated from Information Governance.

within complaint handling with similar success.	
8. Reviewing the Councils complaint handling policy focussing on the timescales for responding to complaints ensuring that they are, realistic, achievable, comparable to neighbouring Councils whilst demonstrating the Councils ambition to substantially improve both response times and the quality of responses.	*X* Work on this has not yet started and it is anticipated that this may not start until the step change in current performance has been achieved. The intention is to improve local performance response times once we have elevated current performance and removed backlogs
9. Reviewing the content of all external and internal websites to ensure up to date information is available for employees and Service users.	*In progress* The external websites have recently been reviewed and updated but the internal websites are yet to have a full review.
10. Ensuring all those involved in complaint handling have access to specialist advice, support, guidance, training and training material.	*In progress* The CCT has been reconfigured to ensure that staff are available to support Departments and Services in all aspects of complaint handling but the training has yet to be addressed.

4. FINANCIAL & RESOURCE APPRAISAL

Please see point 4 of the action plan above which covers the temporary and permanent additional resources recently added to the CCT.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

A complainant can refer to the Local Government and Social Care Ombudsman (LGSCO) at any time after making their complaint; however, the LGSCO will not normally take any action until the Council's own investigations have been concluded (immediately following the Stage 1 for Adult Social Care and Public Health complaints; following Stage 3 for Children's Social Care, and following Stage 2 for all other complaints).Where investigations are upheld by the LGCSO there could be both a reputational and financial risk to the Council as their investigation reports are made public and substantial compensation can be awarded to individual complainants. Additionally, the LGCSO annual performance reports are made public.

From the annual 2020/21 performance report issued by the LGCSO at the end of July 2021 (see link in 12. Background Documents), it was confirmed that the LGCSO carried out 23 detailed investigations, as a result of complaints, about Bradford Council and whilst this was fewer than the previous financial year (35) the uphold rate increased from 60% in

2019/20 to 83% in 2020/21.

This level of performance, as assessed by the LGCSO, is leaving the Council at increased reputational and financial risk and whilst some of the detailed investigations carried out by the LGCSO will be as a result of the Councils previous poor response rates, this will not be applicable to all referrals to the LGCSO and our improved response rates may not impact as positively on the uphold rate for the current year as we would like. This is why it is important that the team start to look at the action highlighted in part 4 above – “to support the monitoring of trends to improve service delivery and/or reduce further complaints”.

Appendix 3 details the Councils performance, as assessed by the LGCSO, for the last two financial years, benchmarked against the 4 West Yorkshire Councils.

6. LEGAL APPRAISAL

There are no additional legal issues. Complaint procedures and responses are required by law.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

There are no sustainability implications

7.2 GREENHOUSE GAS EMISSIONS IMPACTS

None

7.3 COMMUNITY SAFETY IMPLICATIONS

None

7.4 HUMAN RIGHTS ACT

There are no Human Rights implications

7.5 TRADE UNION

There are no trade union issues arising from the contents of this Report.

7.6 WARD IMPLICATIONS

None

7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A

7.8 IMPLICATIONS FOR CORPORATE PARENTING

None

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

N/A

10. RECOMMENDATIONS

(1) That the performance improvements detailed within report be noted and that the ongoing improvement actions be supported.

(2) That the 2021/22 full annual performance report is submitted to the Committee in Spring / Summer 2022.

11. APPENDICES

Appendix 1 Resolution timescales
Appendix 2 Performance Statistics 2020/21
Appendix 3 LGCSO annual performance data

12. BACKGROUND DOCUMENTS

LGSCO Annual Report – City Of Bradford Metropolitan District Council - Local Government and Social Care Ombudsman

APPENDIX 1

Resolution timescales

The following table represents the current timescales for resolving a complaint either in accordance with legislation (*green*) or in accordance with Council policy (*amber*). For those internal (Council policy) response times it is the intention that we will reduce these to be comparable with best practice on a phased implementation basis to allow backlog and other legacy issues to be addressed and to ensure that we are able to deliver consistently.

	Stage 1	**Stage 2**	**Stage 3**
Adult Social Care and Public Health	**20** working days	Not applicable	Not applicable
Children's Social Care	**10** working days (an extension of up to an additional **10** working days is permitted)	**25** working days (an extension of up to an additional **40** working days is permitted)	**50** working days (Review Panel **30** working days from request; Chair's report 5 working days from Review Panel; Director's response **15** working days from Chair's report)
All other Departments	**20** working days	**65** working days	Not applicable

APPENDIX 2
Performance Statistics 2020/21

		Adult Social Care & Public Health		Childrens Social Care		All Other Departments		TOTALS	
		2020/21	***2021/22**	**2020/21**	***2021/22**	**2020/21**	***2021/22**	**2020/21**	***2021/22**
Pre Complaint (Stage 0)	Received	65	16	144	52	247	56	**456**	**124**
	Resolved	98	16	174	57	299	46	**571**	**119**
	Resolved in timescale	26	9	30	12	112	15	**168**	**36**
	% resolved in timescale	27%	56%	17%	21%	37%	33%	**29%**	**30%**
Formal Resolution (Stage 1)	Received	126	73	191	181	658	49	**967**	**553**
	Responded to	137	65	187	166	422	24	**746**	**498**
	Responded to in timescale	18	36	32	103	317	13	**367**	**287**
	% responded to in timescale	13%	55%	17%	62%	75%	54%	**49%**	**58%**
Formal Resolution (Stage 2)	Received	N/A	N/A	37	11	117	29	**154**	**40**
	Responded to	N/A	N/A	25	4	100	80	**125**	**84**
	Responded to in timescale	N/A	N/A	11	3	41	57	**52**	**60**
	% responded to in timescale	N/A	N/A	44%	56%	41%	71%	**41%**	**71%**

***to 30/9/2021**

APPENDIX 3

LGSCO - Annual Performance

2020/2021	Bradford	Calderdale	Kirklees	Leeds	Wakefield	WY Average
No.of detailed investigations	23	12	21	33	8	19
No. of upheld decisions	19	11	13	25	6	15
% Uphold rate	83%	92%	62%	76%	75%	76
% Compliant with Recommendations	100%	100%	100%	100%	100%	1
No. of satisfactory remedies prior to Complaint	1	0	1	4	0	1
% of satisfactory remedies prior to Complaint	5	0	8	16	0	6

2019/20	Bradford	Calderdale	Kirklees	Leeds	Wakefield	Average
No.of detailed investigations	35	19	23	49	19	29
No. of upheld decisions	21	14	12	31	7	17
% Uphold rate	60%	74%	52%	63%	37%	59
% Compliant with Recommendations	94%	100%	100%	100%	100%	1
No. of satisfactory remedies prior to Complaint	0	0	1	4	0	1
% of satisfactory remedies prior to Complaint	0	0	8	13	0	3

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of the Governance and Audit Committee to be held on 25 November 2021.

Q

Subject:

INTERNAL AUDIT PLAN 2021/22 – MONITORING REPORT AS AT 30 SEPTEMBER 2021

Summary statement:

This report monitors the progress made by Internal Audit against the Internal Audit Plan for 2021/22 as at 30 September 2021.

Chris Chapman
Director of Finance

Report Contact: Mark St Romaine
Phone: (01274) 432888
E-mail:
mark.stromaine@bradford.gov.uk

Portfolio

Leader of Council and Corporate Portfolio

Improvement Area:

Corporate

1. SUMMARY

1.1 The purpose of this report is to bring to the attention of members of the Governance and Audit Committee (G&AC) any significant issues arising from the audit work undertaken to date and to inform them about the progress made up to 30 September 2021, against the Internal Audit Plan, which was approved by the Committee on 22 April 2021.

2. BACKGROUND

2.1 Internal Audit is part of Financial Services within the Department of Corporate Resources. This is the monitoring report on the Internal Audit Plan for 2021/22. This is detailed in Appendix 1.

2.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.

The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations.

3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION

3.1 Not Applicable.

4. OTHER CONSIDERATIONS

4.1 There are no other considerations.

5. OPTIONS

5.1 Not applicable

6. FINANCIAL AND RESOURCE APPRAISAL

6.1 The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk and deal with financial uncertainty.

7. RISK MANAGEMENT

7.1 The work undertaken by Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. Consideration was given to the corporate risk register when the Audit Plan for 2021/22 was drawn up and any issues on the risk register that relate to an individual audit are included within the scope.

7.2 The key risks examined in our audits are discussed with management at the start of the audit and the implementation of recommendations is followed up with Strategic Directors.

8. LEGAL APPRAISAL

8.1 The Accounts and Audit Regulations for 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are detailed in the Public Sector Internal Audit Standards supported by CIPFA's Local Government Application Note.

9. OTHER IMPLICATIONS

9.1 Equality and Diversity

Internal Audit seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work, Internal Audit reviews the delivery of services to ensure that they are provided in accordance with the formal decision making process of the Council.

9.2 Sustainability Implications

When reviewing Council Business, Internal Audit examines the sustainability of the activity and ensures that mechanisms are in place so that services are provided within the resources available.

9.3 Greenhouse Gas Emissions Impacts

There are no impacts on Gas Emissions.

9.4 Community Safety Implications

There are no direct community safety implications.

9.5 Human Rights Act

There are no direct Human Rights Act implications.

9.6 Trade Union

There are no implications for the Trade Unions arising from the report.

9.7 Ward Implications

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

9.8 **Implications for Corporate Parenting**

None

9.9 **Issues Arising from Privacy Impact Assessment**

None

10. NOT FOR PUBLICATION DOCUMENTS

10.1 None.

11. RECOMMENDATIONS

That the Governance and Audit Committee:

11.1 Endorse the anticipated coverage and changes of Internal Audit work during the year.

11.2 Requires Internal Audit to monitor the control environment, risk management and governance arrangements and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.

12. APPENDICES

Appendix 1 – Internal Audit Plan for 2021/22 – Monitoring Report as at 30th September 2021.

13. BACKGROUND DOCUMENTS

13.1 G&AC report dated 22 April 2021 – Internal Audit Plan 2021/22.

APPENDIX 1

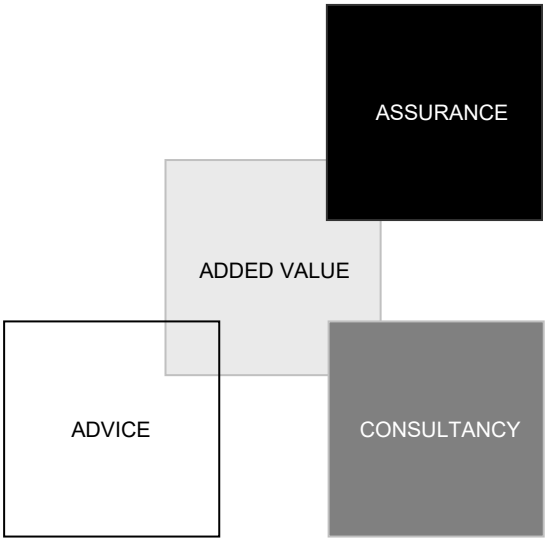
Internal Audit

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

INTERNAL AUDIT PLAN 2021/22

MONITORING REPORT

AS AT 30.9.21.



DEPARTMENT OF CORPORATE RESOURCES

1 INTRODUCTION

1.1 The Internal Audit Annual Plan for 2021/22 was approved by the Governance and Audit Committee (G&AC) at its meeting on 22 April 2021. This report is the monitoring report for this financial year. It identifies the progress made against the Internal Audit Plan up until 30 September 2021 and identifies any significant audit issues arising.

1.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.

1.3 The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations.

2 RESOURCES

3.1 Increase in Audit Resources

The Internal Audit Plan for 2021/22 has 531 days (29%) more capacity than in 2020/21 (2370 days v 1839 days). The net increase is due to Internal Audit capacity being available for a full year in 2021/22, whilst in 2020/21 it was available for only nine months due to it being deployed in the first three months in support of the Council's response to the Covid 19 pandemic. These resources will enable the Internal Audit Opinion to be supported by sufficient evidence.

The Audit Plan includes 255 days in the Audit Plan for auditing the West Yorkshire Pension Fund and a further 44 days for the management of insurance and risk management. The net planned audit days provided to Bradford Council in 2021/22 is 2071 days.

3.2 Covid 19 Response

During 21/22 Internal Audit staff have continued to support the assessment process for a number of the discretionary grants and assisted in post payment assurance. The demand for this assistance may continue intermittently for the remainder of the year if new grant types are introduced and central government commence their own post assurance exercise.

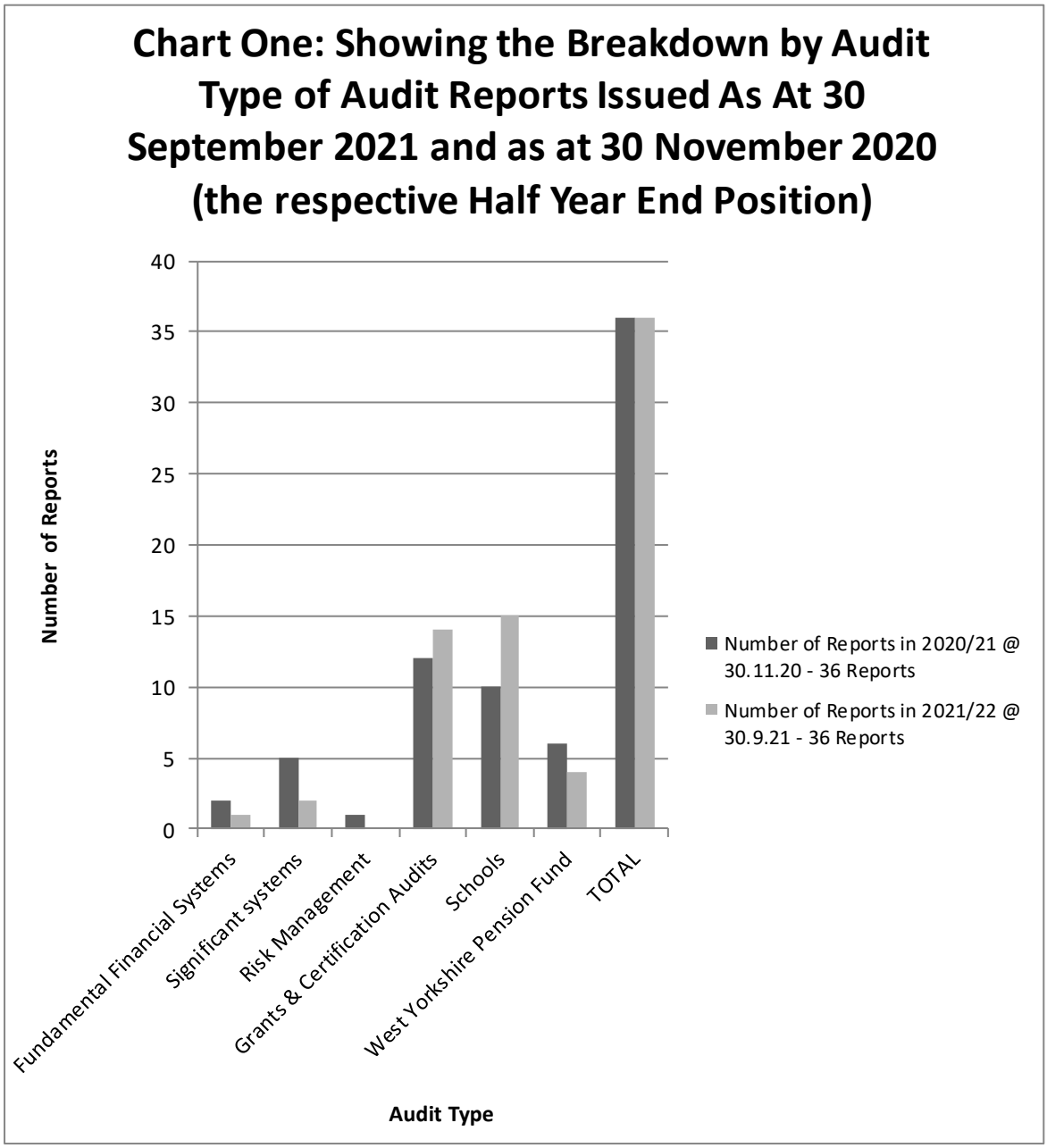
3 SERVICE DELIVERY

4.1 Audit Coverage

As at 30 September 2021, 46% of the 2021/22 audit plan has been completed compared to last year when 38% of the 2020/21 audit plan had been completed at the half year position of 30 November 2020.

It is forecast that Internal Audit will achieve its target level of 90% completion of the audit plan by the end of the financial year but this is subject to change as the demand for Internal Audit capacity in the remainder of 2021/22 to support the Covid 19 response is uncertain.

All Internal Audit assignments result in an Audit Report that identifies the audit coverage, findings from the audit, risks arising from identified control weaknesses and prioritised audit recommendations. Chart One below shows that as at 30 September 2021 a total of 36 reports have been issued, which is the same number of reports issued as at 30 November 2020. The chart shows a breakdown of the reports by audit type.



4.2 Control Environment

The following table details the opinions from those audits over the last two years where an appraisal of the overall system could be obtained. As can be seen the proportion of reports assessed as either good or excellent opinions is generally

consistent over time and account for approximately 80% of the opinions reached. Whilst reassuring, this is as expected as Internal Audit's core focus is on fundamental and significant systems, and schools. Further, Internal Audit's work includes an increasing proportion of grant certification and West Yorkshire Pension Fund audits, both of which have a track record of being well controlled.

Table One: Six Monthly Analysis of Audit Opinions raised in Internal Audit Reports issued in the Period 1 October 2019 to 30 September 2021

	1 Oct 2019 to 31 March 2020		1 April 2020 to 30 Nov 2020*		1 Dec 2020 to 31 March 2021		1 April 2021 to 30 Sept 2021	
Opinions	**Total**	**Proportion**	**Total**	**Proportion**	**Total**	**Proportion**	**Total**	**Proportion**
Excellent	5	23%	13	43%	5	15%	9	28%
Good	12	54%	11	37%	23	70%	20	63%
Partially Effective	5	23%	5	19%	5	15%	2	6%
Ineffective	0		1	3%	0		1	3%
Total Relevant Reports	**22**		**30**		**33**			
Not applicable**	4		6		0		4	
Total Reports	**26**		**36**		**33**		**36**	

* Due to the on going Council Response to the Covid 19 crisis the Internal Audit Plan 2020/21 was suspended from the 1st April to the 30th June, to enable Internal Audit to support critical activities. The 2020/21 Audit Plan therefore applies from the 1st July to the 31st March, with 30 November in effect being the half year position for the 2020/21 Audit Plan.

** Internal Audit gives an opinion on the control environment whenever it is appropriate to do so. However, audit reports that provide advice, review specific control concerns or investigate irregularities generally do not have an opinion as they are too limited in scope.

The analysis above relates to those reports with opinions. Opinions are derived from a standard analysis of the level of control satisfaction and number of high priority recommendations within a report. Where reports are produced that do not relate to the planned evaluation of risks and controls, for example in response to requests for advice on specific matters, or in response to known control failures there is often no opinion applied to the report.

Internal Audit looks to minimise those reports without an opinion. Reports without an opinion were 11% (4) of all reports issued over the period 1.4.21 to 30.9.21.

The audit work has identified that 78% of controls examined were operating satisfactorily, which is the same percentage found to be operating satisfactorily in 2020/21. All concerns arising from the audit assignments result in an audit recommendation. To date, 100% of our audit recommendations have been accepted by management.

4.3 Follow Up of Audit Recommendations

During the first half year a follow up exercise was undertaken. In total 231 recommendations from 57 reports were included in the follow up representing all agreed high priority recommendations included in reports issued up to 30 December 2020. 33 of these (14%) were recommendations that had already been confirmed as

partially implemented and the remainder were recommendations which management had agreed to implement.

The follow up process aimed to ascertain the current progress in implementing each recommendation through discussion with management, backed up wherever possible by evidence to support the stated position.

The follow up process found that 58% of the recommendations had been fully implemented as agreed and over a quarter more (35%) were partially implemented. Fifteen recommendations were considered no longer relevant (mostly due to the issuing of subsequent audit reports which confirmed improvements or issued superseding recommendations).

In terms of Departmental performance the percentage of recommendations which were closed following the process (due to being implemented or no longer relevant) were: Chief Executive - 87%; Children's Services - 81%, Corporate Resources - 68%; Health & Wellbeing - 17%; Place - 44%. The table below shows the full breakdown.

	Opening Position			Current Position		
	Total	Agreed	Partially Implemented	Partially Implemented	Implemented	No Longer Relevant
Chief Executive	15	14	1	2	7	6
Children's Services	112	109	3	21	86	5
Corporate Resources	45	41	4	14	31	0
Health and Wellbeing	41	28	13	34	3	4
Place	18	6	12	10	8	0
	231	**198**	**33**	**81**	**135**	**15**

Progress against the implementation of all outstanding unimplemented recommendations, together with new agreed high priority or critical recommendations will continue to be monitored.

4.4 Summary of Audit Reports and Findings

A summary of the routine audits undertaken and the recommendations identified is reported in Appendix A.

5. Annual Assurance Process

5.1 In 2020/21 the Council implemented a new self assurance process for managers on their compliance with key governance issues. This replaced the previous system of key control questionnaires which was largely focused on financial systems The new process covered the following areas

- Employee Code of Conduct
- Whistleblowing
- Harassment and Bullying
- Gifts and Hospitality
- Safeguarding
- Risk Management
- Information Governance

- Internal / External Assessments
- Partnership Working
- Constitution and Decision Making
- Health and Safety
- Financial Systems
- Contract Procedure Rules
- Business Impact Analysis / Business Continuity Arrangements
- Sickness
- Conflicts of Interest
- Corporate Parenting

The coverage of the management assurance survey has been encouraging and the Council has now got a baseline in respect of governance compliance.

5.2 This approach is similar to the assurance process currently operated by Schools which has been successful in improving governance. Future training and advice will also be provided where required to develop and improve the process in 2021/22. Strategic and Assistant Directors will retain the overall responsibility for the assurances made from their Department.

6. Overall Audit Opinion

At the current time, Internal Audit has no evidence to indicate that the Council's internal control framework, risk management and governance processes is not effective. The Head of Internal Audit expects to be in the position to give an Internal Audit Opinion by the end of the financial year dependent on future events and planned activity. However, this requires the current level of resources identified and service departments to facilitate the audit process.

7 Prioritisation of Internal Audit Coverage in 2021/22

The first half of the year has seen the team focus on routine audits, such as grants, Schools and the West Yorkshire Pension Fund. They are more straight forward to complete and have enabled productivity to be maintained. The section has also provided extensive support to the delivery of business grants with the extension of the lockdown and accompanying financial support.

In the second half of the year the Service will shift its focus to Fundamental and Significant systems which provide broader assurance on the Councils governance processes and materially contribute to audit's opinion on the Council's control environment. This requires more input from services and the audit process takes longer. It is unlikely whether the team will get through all of this year's audit plan but the following audits will be prioritised

Fundamental Systems Audit	**Significant Systems Audit**
Supplier Maintenance	Emergency Governance Arrangements
Final Accounts Review	School Funding Allocation
Procurement Processes (Quotes,Tenders,Contract Award)	Health and Safety
Council Tax Assurance	Annual Governance Assurance Process
NNDR Assurance	Commissioned Care (H&WB)
Benefits Assurance	Review of Vehicle Security at Highways Depots

Purchase cards	Data Quality (H&WB)
Recruitment and Selection - Compliance with HR/Procurement Processes	S106 Infrastructure Levy
Accounts Receivable - Enforcement, Refunds & Write Offs	BACES
Capital schemes	Court of Protection/Deputyships/Receiverships & Appointeeships
Council Tax - Enforcement & Write Offs	Residential Children Homes /in-house
Starters & Leavers (Council)	

During the year the audit plan is subject to revision in light of requests for, or the need to do additional unplanned audit work and also to reflect any in year changes in available resources. The 2020/21 audit plan has been revised which is predominantly caused by changes in the range of central government grants. Appendix B indicates those audits added to the plan and those that have been replaced.

8 Internal Audit's Performance Indicators

Client Feedback

After each audit a client feedback questionnaire is issued to the appropriate officer to obtain feedback from them about the audit. 100% of the officers that responded said that the audit recommendations made were useful, realistic and overall the audit was of benefit to management.

Timeliness of Audits

As at the end of September 2021, 91% of draft reports were issued within 3 weeks of finishing the site work, which is above the target of 80%. 95% of final reports were issued within a week of the post audit meeting. The timeliness of issuing draft and final reports is crucial to providing a good service to officers, enabling them to deal with the issues raised and consider the recommendation made.

9 Internal Audit Quality Assurance Improvement Plan

In accordance with Public Sector Internal Audit Standards Internal Audit has developed and maintains a Quality Assurance Improvement Plan (QAIP). The QAIP establishes and maintains best practice and drives continual improvement. Improvement developments that Internal Audit are progressing in 2021/22 are the

- Review of the content of Internal Audit Plan to cover new risks that haven arisen through the direct and indirect affects of the Pandemic.
- Determination of how auditors are best able to work whilst complying with social distancing or any other required safety procedures.

Appendix A Summary of Audit Reports and Findings

Appendix B Unplanned Audit Work Included in and Planned Audit Work Deleted from the 2021/22 Internal Audit Plan as at 30.9.21 –

Appendix A

Summary of Audit Reports and Findings –

1. Fundamental Systems

2. During the first half of the year, one audit report was issued relating to fundamental systems. The Accounts Payable, Payment of Feeder Files audit gave a Partially Effective audit opinion. Feeder files from the Libraries Service were not being checked and balanced prior to payment to suppliers, and small discrepancies between the feeder file total value and the SAP Payment Proposal total value were not always followed up on and resolved. Two recommendations were made that Management agreed to implement.

3. Significant Systems

3.1 During the first half of the year, two reports relating to significant systems were issued. The audit of Income Compensation Scheme for Lost Sales, Fees and Charges, due to Covid 19, gave a Good audit opinion providing assurance that there are good processes in place to identify and claim for eligible budgeted income which has been lost as a result of the government lockdown.

3.2 The second audit report, which gave an Ineffective audit opinion, was the third consecutive direct payments audit report that has concluded with an ineffective audit opinion. There is still not adequate control of direct payments as there is not yet a robust performance management framework in place, the backlog of financial audits has increased in number since the last audit, from 420 to 533, and financial audits performed are no longer selected and prioritised based on risk. This is of significant concern to Internal Audit.

3.3 Internal Audit would like to acknowledge that, although the audit opinion remains ineffective, there have been system and process changes, and since the direct payments audit concluded in June 2021, additional staff resources recruited. These changes once fully established and embedded should aid the implementation of Internal Audit recommendations and delivery of an improved audit opinion in subsequent internal audit reviews.

3. Schools

3.1 School Audits

Between April 2021 and the end of September 2021, 15 reports relating to schools were issued. A remote approach to delivering school audits, introduced during the financial year 2019/20 in response to Covid 19, continued to be undertaken.

- 12 reports related to individual school audits. All included recommendations to improve the control environment at each school that had been audited, all with audit opinions of Good
- The thirteenth report related to the follow up of recommendations at a school audited during the 2019/20 financial year that had an audit opinion of Ineffective. It was confirmed that the majority of recommendations had been fully implemented and sufficient progress was being made on the remainder
- The fourteenth report was an analysis of school's self-assessment returns relating to the Schools Financial Value Standard (SFVS) process for 2020/21, which is referred to in more detail below

- The fifteenth report related to the analysis of the results of the 18 remote audits undertaken during the 2020/21 financial year, to the Director of Finance

3.2 Schools Financial Value Standard

The annual Department for Education (DfE) requirement for maintained schools to submit a completed SFVS return was re-introduced for 2020/21, with a deadline of 28th May 2021. The requirement had been suspended in April 2020 in response to Covid 19.

86 returns (all but one of those expected) had been received by the deadline date. Three schools were not required to complete SFVS returns due to Academy Orders being in place, however all three did complete and submit a return, acknowledging the value of the assurance given by the SFVS internal scrutiny process over financial management practices. The outstanding return was pursued and subsequently received in July 2021. This school has been scheduled for a remote audit during 2021/22.

The requirement for the Council's Director of Finance to submit an Annual Position Statement (APS) to the DfE had also been re-introduced for 2020/21 and occurred with Internal Audit's assistance before the deadline date of 9th July 2021. As mentioned above, an analysis report of school's SFVS self-assessment returns for 2020/21 was provided to the Director of Finance to support his sign-off of the APS.

25 returns were sample tested to analyse and arrive at a grading of Good, Average or Poor. 21 (84%) were graded as Good or Average. Four schools produced returns graded as Poor and they were individually contacted by Internal Audit to provide advice and support in order that improved SFVS returns are produced in the future.

4. Grants –

Grant certification work is carried out in response to conditions placed on central government targeting of funding to local authorities, for example funding for pot hole repairs on the District's highway network.

The grants requiring certification can vary and change each year. The audit plan for 2021/22 has seen the number of grants requiring review increase by six to sixteen. To date 14 reports have been issued relating to capital and revenue grants that required Internal Audit certification.

The values of the grants varied considerably, conditions also varied and included confirming that targets had been met, that funds had been appropriately spent and that other requirements, such as publication of how the grant had been used, had been complied with.

Overall Internal Audit has been able to give a positive opinion for all grants and consequently no funding has been lost.

5 Computer Audit

Computer audit services are provided by Salford Council under a contract arrangement. They are working to a three year audit plan covering the period 01/10/19 to 30/09/22 which was informed by an initial needs assessment. During

2021/22 the impact of the pandemic has continued to cause delays to the progress of IT audits. Restructures and staff responsibility changes within the council's IT Services, combined with the extra pressures placed on them to meet the demands of homeworking have made it difficult for the Salford audit staff to identify and engage with staff required to progress audits. Despite this some work has still been undertaken. A draft report on IT Asset Management has been issued, with a response due in November, and an audit of Vulnerability Management is well underway. Recently the situation has improved with a nominated member of IT staff responsible for audit liaison and as a result three further audits are currently in the early stages of being carried out.

6. West Yorkshire Pension Fund (WYPF)

During 2021/22 Internal Audit will carry out a variety of audits in the West Yorkshire Pension Fund (WYPF), in accordance with the annual plan agreed with WYPF management. Reports issued to the 30 September 2021 were in respect of the following:-

- **Review of WYPF 2020/21 Report and Accounts.** This audit is carried out annually at the request of the WYPF Head of Finance to assist in producing accurate, easy to read information within the financial accounts.

- **Life Existence**. This process assists in confirming the continuing existence of pensioners being paid a monthly pension. The continuing life existence of pensioners is determined via the use of life certificates, mortality screening and the use of National Fraud Initiative data. Pensioners identified as "high risk," in relation to Life Certificates, are required to complete a life certificate each year. The audit found the standard of control around this process to be of a good standard, with a small number of recommendations for improvement being made.

- **NLGPS Common Custodian Arrangements.** As part of the formation of the NLGPS investment pool (West Yorkshire, Greater Manchester and Merseyside Pension Funds), a common custodial provider was procured, the Northern Trust Bank. This audit looked at the arrangements which surround the use of the Northern Trust Bank as common custodian to the NLGPS pension funds. The work was performed collaboratively with Internal Audit colleagues at Tameside and Wirral Councils. The control environment was found to be of a good standard with only one recommendation for improvement being made.

- **Transfers In.** This work looked at individuals who had built up previous pension benefits in their former employments and now wished to amalgamate them with their new West Yorkshire Pension Fund contributions. The standard of control in this area was found to be excellent.

7 Full List of Internal Audit Completed in 2021/22 As At 30 September 2021

7.1 A full list of the reports issued this financial year to date is detailed below.

Audit Category	Client	Opinion	Title
Fundamental Systems	Corporate Resources	Partially Effective	Accounts Payable - Payment of Feeder Files
Grants	Children's Services	Good	Supporting Families 2021/22 - Funding Quarter 1 2021/22
Grants	Place	N/A	Getting Building Fund Grant

Grants	Place	Excellent	Highways Grant Claim - Local Transport Block Fund
Grants	Place	Excellent	Highways Grant Claim - Pot Hole Funding
Grants	Place	Excellent	Highways Grant Claim - Cycle City
Grants	Place	Excellent	Highways Grant Claim - Transforming Cities
Grants	Place	Excellent	Highways Grant Claim - City Connect
Grants	Place	Excellent	Highways Grant Claim - Growth Deal - Gain Lane
Grants	Place	Excellent	Highways Grant Claim - Highways Challenge Fund
Grants	Place	Excellent	Highways Grant Claim - Active Travel Tranche 2
Grants	Children's Services	Good	Supporting Families 2021/22 - Funding Quarter 2 2021/22
Grants	Place	Good	Economy and Development Grant Claim - High Point
Grants	Place	Good	Economy and Development Grant Claim - Conditioning House
Grants	Place	Good	Economy and Development Grant Claim - Staithgate Lane
Schools	Children's Services	Good	Farfield Primary School
Schools	Children's Services	Good	Saltaire Primary School
Schools	Children's Services	Satisfactory	School Audits 202021 Stage 2 Analysis
Schools	Children's Services	Good	Stocks Lane Primary School
Schools	Children's Services	N/A	Analysis of SFVS Returns 2021
Schools	Children's Services	Good	Oastlers School
Schools	Children's Services	Good	St. Matthew's Catholic Primary School
Schools	Children's Services	N/A	Ley Top Primary School Follow Up
Schools	Children's Services	Good	Lidget Green Primary School
Schools	Children's Services	Good	Home Farm Primary School
Schools	Children's Services	Good	All Saints CE Primary School Bradford
Schools	Children's Services	Good	Clayton Village Primary School
Schools	Children's Services	Good	Hill Top Primary School
Schools	Children's Services	Good	Park Primary PRU
Schools	Children's Services	Good	Parkside School
Significant Systems	Health & Wellbeing	Ineffective	Direct Payments Follow-up 2020
Significant Systems	Corporate Resources	Good	Income Compensation Scheme
West Yorkshire Pension Fund	Chief Executive	Good	WYPF - NLGPS Common Custodian Arrangements

West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF - Transfers In
West Yorkshire Pension Fund	Chief Executive	Good	WYPF Life Existence
West Yorkshire Pension Fund	Chief Executive	N/A	WYPF - Review of 2020/21 Report and Accounts

Appendix B

Unplanned Audit Work Included in and Planned Audit Work Deleted from the 2021/22 Internal Audit Plan as at 30.9.21

Additional unplanned audit work done/propose doing in 21/22	Reason
City Connect (Steeton/Silsden Crossing)	New grant for 21/22 that was unknown when the audit plan was created
Highway Maintenance Challenge Fund	New grant for 21/22 that was unknown when the audit plan was created
Growth Deal Grants - Gain Lane; Conditioning House; Staithgate Lane; Highpoint	New grants for 21/22 that were unknown when the audit plan was created
Transforming Cities Fund	New grant for 21/22 that was unknown when the audit plan was created
ULEV Taxi Infrastructure Grant	New grant for 21/22 that was unknown when the audit plan was created

Planned audit work proposed not doing in 2021/22	Reason
Local Highways Grant	No grant to certify
National Productivity Investment Funding	No grant to certify
NNDR - Enforcement & Write Offs	Audit scope is being covered and merged within the NNDR Assurance audit
PE & Sport Grant 20-21	Audit not required in 2021/22
Certification of Pension Contributions 2020/21	Audit not required in 2021/22

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance & IT to the meeting of Governance and Audit to be held on 25 November 2021

R

Subject:

Treasury Management Mid-Year Review up to 30 September 2021

Summary statement:

This report shows the Council's Treasury Mid-Year Review up to 30 September 2021.

Chris Chapman
Director of Finance & IT

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Portfolio:
Leader of the Council and Corporate

Overview & Scrutiny Area:
Corporate

Treasury Management Review up to 30th September 2021

Background

1.1 Treasury management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-Year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Governance and Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2021/22 financial year.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators.
- A review of the Council's investment portfolio for 2021/22.
- A review of the Council's borrowing strategy for 2021/22.
- A review of any debt rescheduling undertaken during 2021/22.
- A review of compliance with Treasury and Prudential Limits for 2021/22.

2. Economics and interest rates

2.1 Economics update

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, the MPC had been prepared to look through a temporary spike in inflation.
- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.

- The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.
- **US.** See comments below on US treasury yields.

- **EU.** The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

- German general election. With the CDU/CSU and SDP both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SDP-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **Japan.** 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

- **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **Supply shortages**. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. In September there were major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

2.2 Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 29th September 2021 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

Forecasts for Bank Rate

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- 1.6 million people came off furlough at the end of September; how many of these will not have jobs and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

As the interest forecast table for PWLB certainty rates on the previous page shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.

3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. As an average since 2011, there has been a 75% correlation between movements in 10-year treasury yields and 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

There are also possible DOWNSIDE RISKS from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going <u>above</u> a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep

under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.

- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.
- For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

2.3 Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2021/22 was approved by this Council on 25 March 2021 (Governance & Audit Committee). There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

2.4 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans.
- How these plans are being financed.
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow.
- Compliance with the limits in place for borrowing activity.

2.4.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget. The revised estimate is based on increased scrutiny of the schemes and budget profiles within the capital programme that took place at Quarter 1.

Capital Expenditure by Service	2021/22 Original Estimate £m	Current Position 30 Sept 2021 £m	2021/22 Revised Q2 Estimate £m
Total capital expenditure	254.9	37.0	139.4

2.4.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	**2021/22 Original Estimate £m**	**2021/22 Revised Q2 Estimate £m**
Total capital expenditure	**254.9**	**139.4**
Financed by:		
Capital receipts	4.0	1.9
Capital grants	125.0	68.0
Capital reserves	3.9	2.1
Revenue	1.0	1.0
Total financing	**133.9**	**73.0**
Borrowing requirement	**121.0**	**66.4**

Projected changes to the Capital Programme have resulted in a reduced new borrowing requirement of £66.4m.

2.4.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table over shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so the underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The reduced borrowing requirement has reduced the CFR estimate.

The table over also shows the expected debt position over the period, which is termed the Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed.

	2021/22 Original Estimate £m	**2021/22 Revised Estimate £m**
Prudential Indicator – Capital Financing Requirement		
Total CFR	845	741
Net movement in CFR		**-104**

Prudential Indicator – the Operational Boundary for external debt		
Borrowing	707	707
Other long term liabilities*	143	143
Total debt (year-end position)	**850**	**850**

** On balance sheet PFI schemes and finance leases etc.*

2.4.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2021/22 Original Estimate £m	Current Position 30 Sept 2021 £m	2021/22 Revised Estimate £m
Borrowing	422.9	344.2	354.0
Other long term liabilities	143.0	143.0	143.0
Total debt	565.9	487.2	497.0
CFR (year-end position)	845.0		741.0

The Director of Finance & IT reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for	2021/22	2021/22

external debt	Original Indicator	Revised Indicator
Borrowing	709.0	709.0
Other long term liabilities	143.0	143.0
Total	852.0	852.0

2.4.5 Borrowing

The Council's capital financing requirement (CFR) for 2021/22 is expected to be below the original forecast of £845m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has current long term borrowings of £477m and has utilised cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

The capital programme is being kept under regular review due to the effects of coronavirus and shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

£5.5m of loans are due to mature in January 2021 with an average rate of interest of 9.25%. To date no new borrowing has been undertaken this year. Based on current capital spend forecasts it is anticipated that borrowing will be undertaken during this financial year.

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2021

Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September.

The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September after the MPC meeting of 23rd September.

- The current PWLB rates are set as margins over gilt yields as follows: -.
    - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
    - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
    - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

2.4.6 Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

2.4.7 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22. The Director of Finance & IT reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

2.5 Annual investment strategy

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.

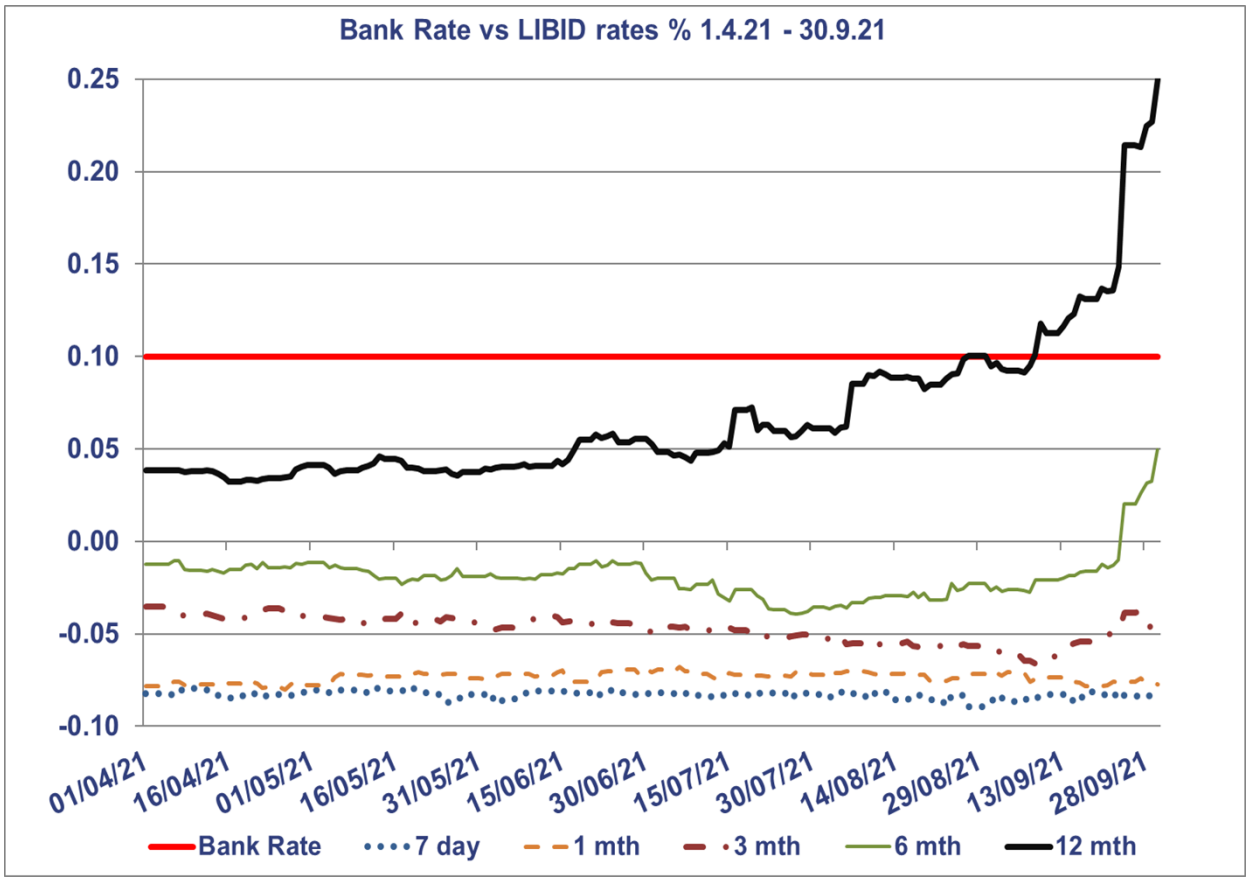
As shown by the interest rate forecasts in section 2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before the second half of 2023, investment returns are expected to remain low.

Creditworthiness.
Significant levels of downgrades to Short and Long Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

Investment Counterparty criteria
The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function

Investment balances
The Council held £158.9m of investments as at 30th September 2021 (£133.3m at 31st March 2021) and the investment portfolio yield for the first 6 months of the year is 0.08% against a benchmark of -0.07%.

Investment rates during period ended 30th September 2021
As highlighted earlier in this report, the levels shown below use the traditional market method for calculating LIBID rates – i.e., LIBOR – 0.125%. Given the ultra-low LIBOR levels this year, this produces negative rates across some periods.



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	-0.08	-0.07	-0.04	0.05	0.25
High Date	01/04/2021	09/04/2021	06/07/2021	01/04/2021	30/09/2021	30/09/2021
Low	0.10	-0.09	-0.08	-0.07	-0.04	0.03
Low Date	01/04/2021	27/08/2021	26/04/2021	08/09/2021	27/07/2021	16/04/2021
Average	0.10	-0.08	-0.07	-0.05	-0.02	0.07
Spread	0.00	0.01	0.01	0.03	0.09	0.22

As illustrated, the Council outperformed the benchmark by 0.154 bps. The Council's budgeted investment return for the year to date is expected to be below budget.

Approved limits

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2021.

2.6 Other areas for consideration

2.6.1 None

3. Other Issues

New source of borrowing.

A new potential source of borrowing is now available for Local Authorities the UK Infrastructure Bank. The Bank lends to Councils for Infrastructure and climate change schemes with a value of over £5million at a rate of gilts plus 60bp.

With this in mind the Council wishes to add the UK Infrastructure Bank to its list of approved sources of borrowing.

4. Financial and Resources Appraisal

4.1 The financial implications are set out in section 2 of this report.

5. Risk Management and Governance Issues

5.1 The principal risks associated with treasury management are:

Risk: Loss of investments as a result of failure of counterparties.
Mitigation: Limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties.

Risk: That the Council will commit too much of its investments in fixed term investments and might have to recall investments prematurely resulting in possible additional costs or new borrowing (Liquidity risk).
Mitigation: Ensuring that a minimum proportion of investments are held in short term investments for cash flow purposes.

Risk: The level of investments and surplus cash is higher than needed to fund short term timing differences.
Mitigation: Cash flow forecasting and capital expenditure monitoring.

Risk: Increase in the net financing costs of the Council due to borrowing at high rates of interest.
Mitigation: Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking mostly long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs).

Risk: Higher interest rates increase borrowing making it more difficult to self-finance capital schemes. Debt servicing becomes less affordable and less sustainable and crowds out revenue spend.
Mitigation: To pause, delay or defer capital schemes. Also review opportunities to borrow in the future at current interest rates.

Risk: Return on non-treasury investments lower than expected.
Mitigation: Review and analysis of risk prior to undertaking non-treasury investments.

Risk: The Council's Minimum Revenue Policy charges an insufficient amount to the Revenue Estimates to repay debt.
Mitigation: Align the Minimum Revenue Policy to the service benefit derived from the Council's assets.

Risk: Associated with cash management, legal requirements and fraud.
Mitigation: These risks are managed through:

- Treasury Management Practices covering all aspects of Treasury management procedures including cash flow forecasting, documentation, monitoring, reporting and division of duties.
- All Treasury management procedures and transactions are subject to inspection by internal and external auditors. The Council also employs external financial advisors to provide information on market trends, credit rating alerts, lending criteria advice and investment opportunities.

Risk: Anticipated borrowing is lower than expected because the 2021-22 capital programme is underspent. This is explained in more detail below, together with the actions being taken to reduce these risks:
Mitigation: The Council is required to set a balanced budget for its revenue estimates; so in broad terms, income received will match expenditure over the 2021-22 financial year. The 2021-22 revenue estimates cause only temporary cash flow differences, for example when income is received in a different month to when the expenditure is incurred.

However, the 2021-22 capital budget will cause a cash flow shortfall in the long term, which generates a borrowing requirement. While some of the capital budget is funded immediately, mainly with Government grants, other elements are not funded initially, leading to the cash flow deficit that requires borrowing.

Managing borrowing is part of the Treasury Management role. To help in its management, the Treasury Strategy identifies the element within the capital budget that is not funded straightaway, to anticipate the Council's borrowing requirement.

However, when the capital budget is underspent, the Council has a lower borrowing requirement than anticipated. This risk is managed in practice because the Council only borrows when there is an actual cash flow shortage. The uncertainty around spend against the capital budget makes cash flow management more difficult. For example, it is less likely that the Council would take advantage of a short-term fall in interest rates, without more certainty around the timing of any borrowing need. Actions that have taken place to manage the risks relating to this uncertainty in the timing of capital spend are: Councillor and Officer challenge sessions on the capital budget; increased scrutiny of the capital forecasts in the quarterly monitoring, and the collection of additional documentation around the critical paths of individual schemes.

Risk: Coronavirus. The level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy make it very difficult to accurately assess the impact on investments, capital spend and borrowing for the Council. The scale of impact will depend on the effects of the virus over the coming months and the depth of any recessionary impact.
Mitigation: Cash investments will be mainly held short term due to the uncertainties caused by the virus and we will continue to monitoring the situation and report any changes in the next Treasury report.

6. Legal Appraisal

6.1 Any relevant legal considerations are set out in the report

7. Other Implications

7.1 Equality & Diversity – no direct implications
7.2 Sustainability implications – no direct implications
7.3 Green house Gas Emissions Impact – no direct implications
7.4 Community safety implications – no direct implications
7.5 Human Rights Act – no direct implications
7.6 Trade Unions – no direct implications
7.7 Ward Implications – no direct implications
7.8 Implication for Corporate Parenting – no direct implications
7.9 Issues arising from Privacy Impact Assessment– no direct implications

8. Not for publications documents

8.1 None

9. Options

9.1 None

10. Recommendations

10.1 That the details in paragraph 3 be noted by the Governance and Audit Committee and passed to Full Council on the 14 December for adoption.

11. Appendices

Appendix 1 Prudential and Treasury Indicators as at 30 September 2021
Appendix 2 Borrowing Rates
Appendix 3 Approved Countries for Investment as at 30/09/21

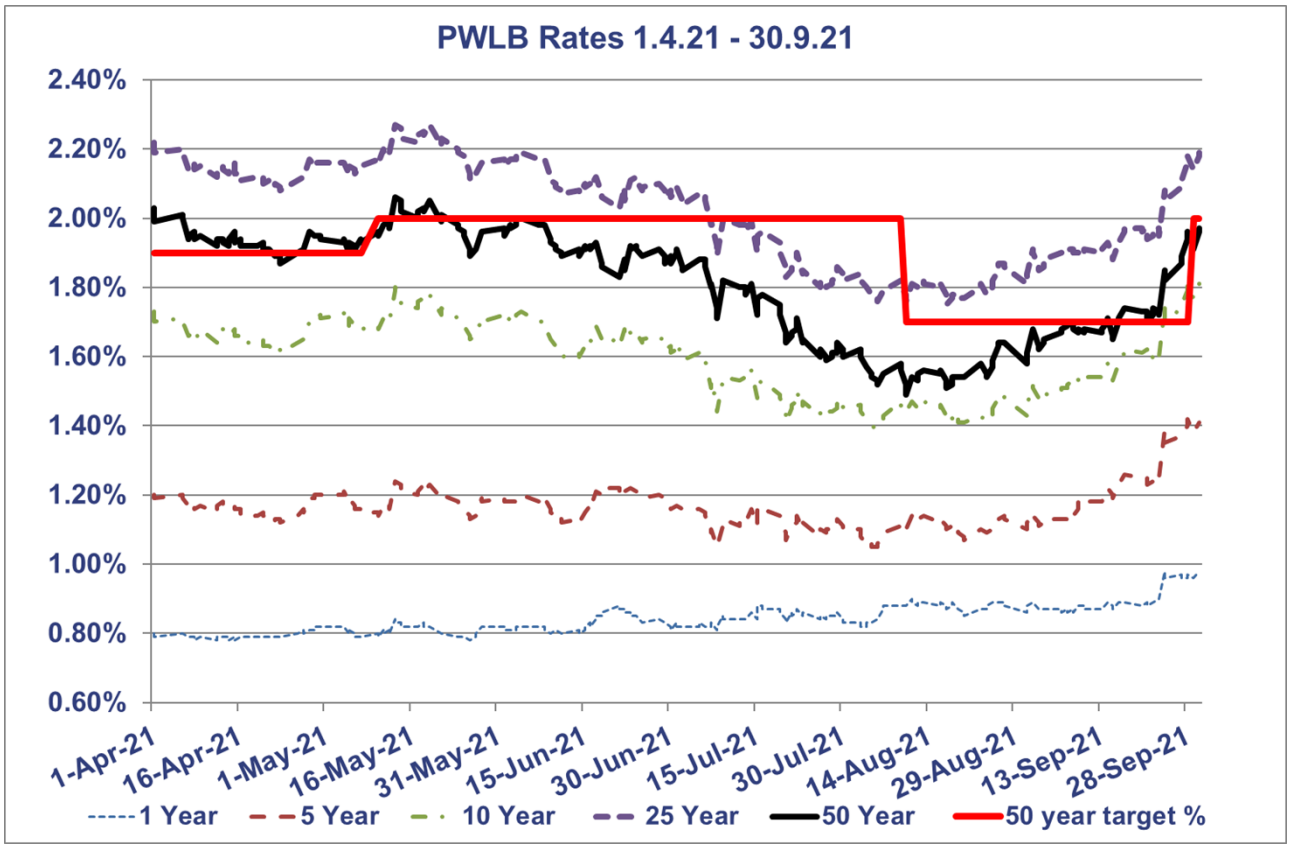
APPENDIX 1: Prudential and Treasury Indicators as at 30th September 2021

Treasury Indicators	**2021/22 Budget £m**	**(Apr - Sept) Actual £m**
Authorised limit for external debt	£850m	£850m
Operational boundary for external debt	£852m	£852m
Gross external debt	£565.9m	£487.2m
Upper limit for principal sums invested over 365 days	£20m	£0m

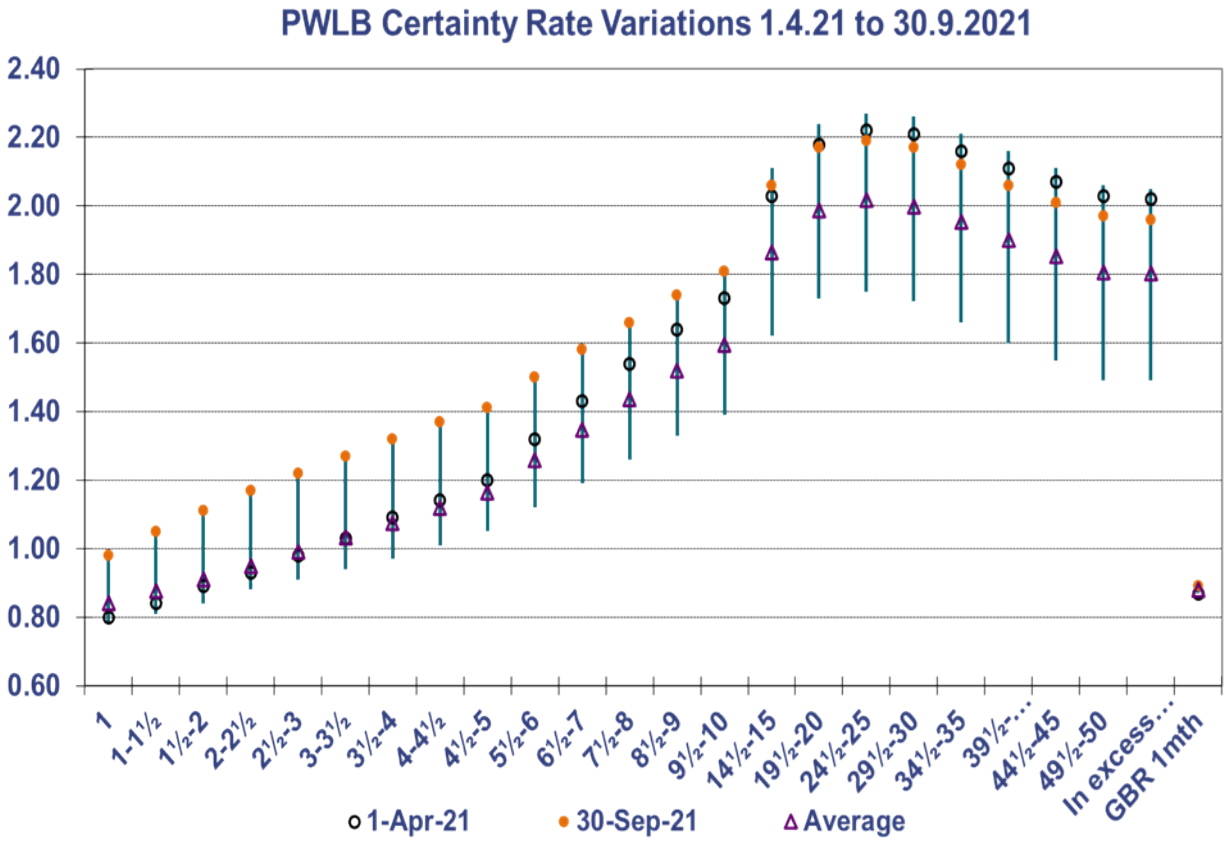
Maturity structure of fixed rate borrowing -	**Upper Limit**	**(Apr-Sept) Actual**
Under 12 months	20%	2%
12 months to 2 years	20%	5%
2 years to 5 years	50%	7%
5 years to 10 years	75%	21%
10 years and above	90%	65%

Prudential Indicators	**2020/21 Q2 Budget £m**	**2020/21 Revised Estimate £m**
Capital expenditure (Revised Q2 Budget)	£139.4m	£121.3m
Capital Financing Requirement (CFR)	£845.0	£741.0
Ratio of financing costs to net revenue stream	15.5%	14.7%

APPENDIX 2: Borrowing rates



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.05%	1.39%	1.75%	1.49%
Date	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
High	0.98%	1.42%	1.81%	2.27%	2.06%
Date	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
Average	0.84%	1.16%	1.60%	2.02%	1.81%
Spread	0.20%	0.37%	0.42%	0.52%	0.57%


PWLB Certainty Rate Variations 1.4.21 to 30.9.2021
2.40
2.20
2.00
1.80
1.60
1.40
1.20
1.00
0.80
0.60
1
1-1½
1½-2
2-2½
2½-3
3-3½
3½-4
4-4½
4½-5
5½-6
6½-7
7½-8
8½-9
9½-10
14½-15
19½-20
24½-25
29½-30
34½-35
39½-...
44½-45
49½-50
In excess...
GBR 1mth
1-Apr-21
30-Sep-21
Average

APPENDIX 3: Approved countries for investments as at 30th September 2021

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- France

AA-

- Belgium
- Hong Kong
- **U.K.**

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of External Audit to the meeting of the Governance and Audit Committee to be held on 25 November 2021

S

Subject:

External audit's Audit Completion Report for the 2020/21 audit of the City of Bradford Metropolitan District Council

Summary statement:

The Audit Completion Report summarises the findings from our audit of the City of Bradford Metropolitan District Council for the year ended 31 March 2021.

Mark Outterside
Mazars
Report Contact: Mark Outterside
Phone: 07824 086 593
e-mail: mark.outterside@mazars.co.uk

1. SUMMARY

The report outlines the findings from our work on the Council's financial statements.

At the time of issuing this report our work remains in progress. Subject to the satisfactory completion of the outstanding work, and based on the areas of our work completed to date, we anticipate issuing an unqualified opinion on your statement of accounts.

We will provide a verbal update on outstanding matters at the Governance and Audit Committee meeting on 25 November 2021.

2. BACKGROUND

Not applicable

3. OTHER CONSIDERATIONS

None

4. FINANCIAL & RESOURCE APPRAISAL

Not applicable

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

None

6. LEGAL APPRAISAL

Not applicable

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

Not applicable

7.2 SUSTAINABILITY IMPLICATIONS

Not applicable

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

Not applicable

7.4 COMMUNITY SAFETY IMPLICATIONS

Not applicable

7.5 HUMAN RIGHTS ACT

Not applicable

7.6 TRADE UNION

Not applicable

7.7 WARD IMPLICATIONS

Not applicable

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

Not applicable

7.9 IMPLICATIONS FOR CORPORATE PARENTING

Not applicable

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

Not applicable

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

Not applicable

10. RECOMMENDATIONS

The Governance and Audit Committee is asked to:

- note the contents of our Audit Completion Report prior to approving the Statement of Accounts and
- approve the letter of representation requested at Appendix A.

11. APPENDICES

Audit Completion Report 2020/21 – City of Bradford Metropolitan District Council

12. BACKGROUND DOCUMENTS

None

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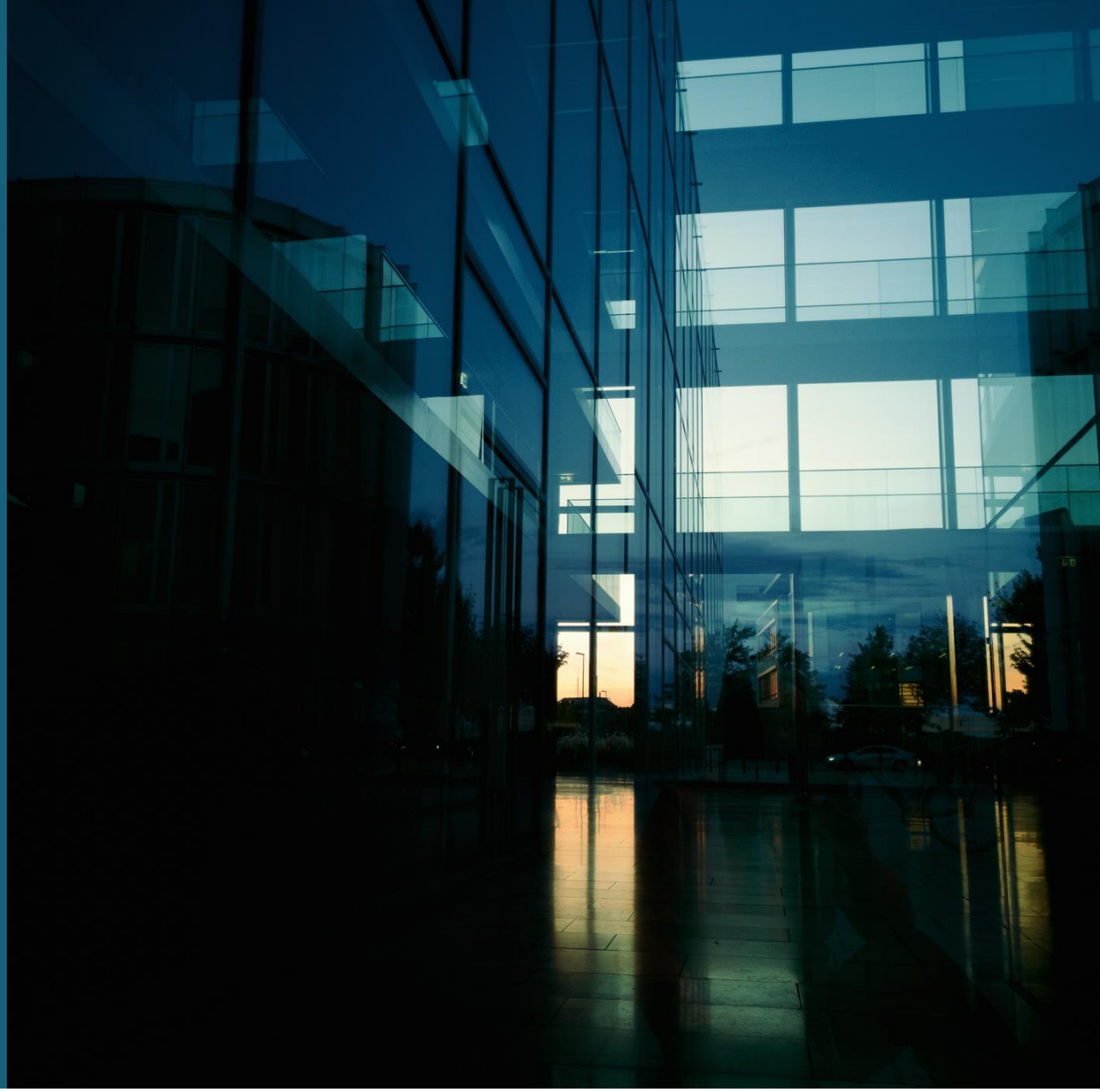
Audit Completion Report

City of Bradford Metropolitan District Council – Year ended 31 March 2021

November 2021



mazars

Contents

mazars

Governance and Audit Committee
City of Bradford Metropolitan Council
City Hall
Bradford
BD1 1UH

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Dear Committee Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 25 March 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0781 375 2053.

Yours faithfully

Cameron Waddell

Key Audit Partner

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined pension liability valuation;
- Valuation of land and buildings; and
- Covd-19 grant recognition.

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements and unadjusted misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

Subject to the satisfactory conclusion of the remaining audit work, we expect to report the following conclusions:

Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.

Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council 's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received no objections or questions from local electors.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Journals		Our work is substantially complete, however we are assessing evidence provided in relation to this area.
Property valuations		Our work is substantially completed, however we are finalising our work in this area.
Cash and bank		We are awaiting evidence to support reconciling items included in the bank reconciliation.
Creditors		Our work in this area is substantially complete, however are awaiting evidence to support three creditors included in our sample.
IT General Controls		Our work in this areas is underway, however we are awaiting evidence to support our work in this area.

Likely to result in material adjustment or significant change to disclosures within the financial statements.

Potential to result in material adjustment or significant change to disclosures within the financial statements.

Not considered likely to result in material adjustment or change to disclosures within the financial statements.

2. Status of the audit

The following standard closure procedures also need to be completed before signing the auditor's report

Audit area	Status	Description of the outstanding matters
Final versions of the Annual Report and Annual Governance Statement		We will review the final versions of the Annual Report and Annual Governance Statement. This includes our technical and final review of the financial statements.
Letter of Representation		Receipt, and review, of signed letter of management representation
Post balance sheet events		Review of post balance sheet events up to the point at which we sign our audit report.
Whole of government accounts		Completion of audit procedures supporting the WGA return to the NAO.
Audit review and quality control		Completion of Manager and Partner review and Mazars quality control processes in respect of the audit.

Likely to result in material adjustment or significant change to disclosures within the financial statements.

Potential to result in material adjustment or significant change to disclosures within the financial statements.

Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Governance and Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £22.5 million using a benchmark of circa 2% of gross operating expenditure. Our assessment of materiality, based on the draft financial statements is £23.5 million using the same benchmark.

As part of our closure procedures, we will revise materiality based on the final version of the financial statements.

Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. There are no changes to our or management's use of experts:

Item of account	Management's expert	Our expert
Defined benefit liability	Actuary (Aon Hewitt)	NAO's consulting actuary (PWC)
Property, plant and equipment valuation	In-house valuer	We take into account any relevant information which is available from third parties
Financial instrument disclosures	Link Asset Services (formerly Capita)	No expert required

Service organisation

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

Items of account	Service organisation	Audit approach
School's payroll	Data-plan and Working for Schools. These are the two material providers.	Sufficient appropriate audit evidence has been obtained for us to substantively test schools' external payroll without contacting the service organisations.

04

Section 04:

Significant findings

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 17 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Subject to the satisfactory completion of the work highlighted in section 2 of this report, we do not expect there to be any matters to report in respect of management override of controls.

4. Significant findings

Significant risks (continued)

Net defined pension liability valuation	**Description of the risk** The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.
	How we addressed this risk We have addressed this risk by: • critically assessing the competency, objectivity and independence of the West Yorkshire Pension Fund's Actuary, Aon Hewitt; • liaising with the auditors of the West Yorkshire Pension Fund to gain assurance that the controls in place at the Pension have been designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • reviewing and agreeing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and • reviewing and agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements. In line with 2019/20 and the continuing Covid-19 pandemic, we monitored the valuation approach to assess if a material uncertainty disclosure will be required for 2020/21.
	Audit conclusion Our work on the valuation of the Council's net pension liability valuation is complete and there are no issues to report. We have also confirmed there is no material valuation uncertainty disclosure required for 2020/21.

4. Significant findings

Significant risks (continued)

Valuation of land and buildings	**Description of the risk** Council dwellings, infrastructure assets, other land and buildings were the Council's highest value assets totalling £826.0 million in 2020/21. The balance sheet also included investment properties totalling £46.1 million, and assets held for sale totalling at £0.225 million in 220/21. Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate value at that date. Management engages its own Valuer as an expert to assist in determining the value of land and buildings to be included in the financial statements, however there remains a high degree of estimation uncertainty associated with the valuation of land and buildings due to the significant judgements and number of variables involved.
	How we addressed this risk We evaluated the design and implementation of any controls which mitigate the risk. This included liaising with management to update our understanding on the approach taken by the Council in its valuation of land and buildings. We: • assessed the scope and terms of engagement with the Valuer; • assessed the competence, skills and objectivity of the Valuer; • assessed how management use the Valuer's report to value land and buildings included in the financial statements; • tested the accuracy of the data used in valuations; • challenged assumptions and judgements applied in the valuations; • reviewed the valuation methodology used, including the appropriateness of the valuation basis; and • considered the reasonableness of the valuation by comparing the valuation output with market intelligence. In line with 2019/20 and the continuing Covid-19 pandemic, we considered the valuation approach and whether a material uncertainty disclosure should have been reported in 2020/21.
	Audit conclusion Our work on the valuation of the Council's land and buildings is ongoing (as set out in Section 2). We will report any issues to Governance and Audit Committee and within our follow-up letter. We have confirmed there is no further material valuation uncertainty disclosure required for 2020/21.

4. Significant findings

Significant risks (continued)

Covid 19 grant recognition	**Description of the risk** Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. . Use of management judgement was required to determine if the Council is acting as an agent or principal in relation to the administration of these grants, and in relation to determining whether the recognition criteria have been met. We therefore identified accounting for the completeness and accuracy of this income as a risk.
	How we addressed this risk We have completed the following: • reviewed the Council's approach in determining whether grants are or are not ring-fenced for specified areas of expenditure; • tested grant income recorded in the ledger to grant allocations/ notifications; and • reviewed a sample of grants to ensure conditions to recognise the income in 2020/21 have or have not been met.
	Audit conclusion Our work in this area is complete and we have no issues to report.

4. Significant findings

Key areas of management judgement

PFI accounting	**Description of the management judgement** The method of accounting for PFI assets can be complex and involve management judgement. There is therefore a potential risk of material misstatement if the Council fails to appropriately apply judgement and update their accounting model.
	How our audit addressed this area of management judgement We have reviewed the Council's approach for accounting for its PFI assets including a review of any changes to the financial model.
	Audit conclusion We have no issues to report in this area.

Introduction of HRA	**Description of the management judgement** As part of our planning discussions with management , it was highlighted that the Council may need to introduce a Housing Revenue Account (HRA) in 2020/21. On 15 July 2019 the Ministry of Communities, Housing and Local Government wrote to the Council confirming that the Council must reopen a Housing Revenue Account (HRA) from 1 April 2020 as the number of dwellings held in the General Fund exceeded the current threshold stated in the Written Ministerial Statement As this is the first year of the HRA, there is a risk that the accounting treatment could be incorrect, resulting in misstatement.
	How our audit addressed this area of management judgement We have reviewed the HRA direction, dated May 2021, from the Ministry of Housing, Communities and Local Government, that confirms the Council does not require a HRA for the period 1 April 2020 to March 2022.
	Audit conclusion We have no issues to report in this area.

4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 20 August 2021 and were of a good quality.

Significant matters discussed with management

Covid -19 Business support

The Council administered over £173.9 million of financial assistance to local businesses and individuals on behalf of the Government. This support, and the associated income, is not reflected in the Council's financial statement because the Council demonstrated it acted as an agent of the Government. We considered whether the Council's approach to accounting for these grants was in accordance with relevant guidance and accounting standards and found it to be reasonable.

Defined benefit pension liability and property valuations

As a result of independent quality reviews, in particular by the Financial Reporting Council, of our audit work and that of other audit suppliers we have needed to increase the level of work we do on defined benefit pension schemes and valuation of property, plant and equipment. This and other issues emerging during the year have had an impact on the fee required to complete the audit and we will discuss any fee variation request with management on completion of our audit work and update the Committee. As set out in our ASM all fee variation requests are subject to approval from PSAA.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Given the ongoing impact of COVID-19 the whole audit was completed remotely.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account.

No such objections have been raised.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

As at the time of drafting this report we have no new control recommendations to report.

We have provided an update on last year's internal control point.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Follow up on previous internal control point

Description of deficiency

The Council does not have an accruals threshold included in its accounting policies.

Potential effects

The current accounting policy means any missed accrual of income or expenditure is incorrect by the Council's own policy and therefore an audit error.

Recommendation

The Council should consider updating its accounting policy, by setting threshold for recognising year-end accruals.

The impact of the threshold should be quantified to Those Charged With Governance, in terms of the impact on the accounts, the number of transactions and staff resources required to process the accruals.

2020/21 update

Management set an accruals threshold of above £1,000, which was considered and approved by Governance and Audit Committee in July 2021.

06

Section 06:

Summary of misstatements

Page 97

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £0.705 million. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Revaluation Reserve			2,002	
	Cr: Property, plant and equipment (other land and buildings)				2,002
	Three depreciated replacement cost assets (totalling £2.002 million) have been overstated. This was because the calculation for professional fees, external works and demolition costs were incorrect. Management has reviewed all the valuations and provided assurance the error is limited to these assets				
2	Dr: Property, plant and equipment (other land and buildings)			2,415	
	Cr: Revaluation Reserve				2,415
	The valuation of a care home was calculated based on it being a 50 bedroom property. Review of the supporting data confirmed it should have been calculated on 69 bedrooms. We have quantified the understatement as £2.415 million. Management has reviewed all similar valuations and has provided assurance this is an isolated error.				
3	Dr: Property, plant and equipment			1,783	
	Cr: Gross Expenditure		1,783		
	Our work on fixed asset depreciation, noted depreciation has been charged on assets valued as at 31 March 2021. This has resulted in the net book of these properties being understated by £1.783 million. Management has reviewed depreciation charged in year and confirmed the error does not exceed our extrapolated amount.				

6. Summary of misstatements

Unadjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Debtors			2,060	
	Cr: Gross expenditure		2,060		
	As part of our expenditure testing, we identified expenditure totalling £1,425 relating to 2021/22. The extrapolated error totals £2.060 million, which management has not changed.				
5	Dr: Gross income	916			
	Cr: General Fund				916
	We noted the teachers pension allocation received in 2020/21 relates to 2019/20, due to delays submitting the claim. The error has been extrapolated and resulted in a £0.916 million error.				
	Total unadjusted misstatements	**916**	**3,843**	**8,260**	**5,333**

As highlighted in section 2 of this report, our work is ongoing. Any additional errors will be included in our follow-up letter.

Adjusted misstatements

To date no adjusted misstatements have been noted.

6. Summary of misstatements

Disclosure amendments

The following disclosure amendments have been agreed with management:

- Note 41 (related party transactions) – as part of our work we noted several omissions, the largest being West Yorkshire Combined Authority which was not disclosed, totalling £1.217 million; and
- Notes 8e (government grants) and 45 (grant income) – amounts for Council Tax Hardship and Tax Income Guarantee were transposed.

In addition to the above, we identified a small number of minor presentational issues during our audit and these have been amended by the Authority.

If any misstatements are identified on completion of the outstanding audit work highlighted in section 2, these will be reported to the Audit Committee in a follow-up letter.

07

Section 07:

Value for Money

Page 101

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report within the 3 months of issuing our audit opinion on the financial statements, consistent with NAO guidance.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report within 3 months of issuing our audit opinion on the financial statements, consistent with NAO guidance.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

City of Bradford Metropolitan District Council headed paper
Cameron Waddell
5th Floor
3 Wellington Place
Leeds
LS1 4AP

X November 2021

Dear Cameron

City of Bradford Metropolitan District Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of City of Bradford Metropolitan District Council (the Council) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance and IT that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework..

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including un-asserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Director of Finance and IT for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the company's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2020/21 in relation to the Council's PFI schemes that you have not been made aware of.

Appendix A: Draft management representation letter

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

I confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the accounts, including the event after the balance sheet note to the financial statements, fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. *Please make sure the appendix is attached to the letter and not cross-referenced to the appendix in the ACR. Unadjusted should be numerical AND disclosure..*

Yours faithfully

Director of Finance and IT: ……

Date: ……

Appendix B: Draft audit report

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") for the year ended 31 March 2021, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance and IT'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, 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 and IT with respect to going concern are described in the relevant sections of this report.

Other information

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

Appendix B: Draft audit report

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of the Director of Finance and IT's Responsibilities, the Director of Finance and IT is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance and IT is also responsible for such internal control as the Director of Finance and IT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and IT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 and IT is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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) and the Local Audit and Accountability Act 2014 (and associated regulations made under section 32) and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance and IT 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.

Appendix B: Draft audit report

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance and Audit Committee the 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 which were contrary to applicable laws and regulations, including fraud.

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.

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 and IT 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 April 2021.

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 opinion, 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 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

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.

Appendix B: Draft audit report

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 April 2021.

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 we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

XX November 2021

Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Director of Finance and IT that City of Bradford Metropolitan District Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.

Appendix D: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Governance and Audit Committee, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Mazars

Cameron Waddell
Partner
5th Floor
3 Wellington Place
Leeds
LS1 4AP

0781 375 2053

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

mazars

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance & IT to the meeting of Governance & Audit to be held on 25 November 2021

T

Subject: 2020-21 Statement of Accounts

Summary statement:

This report presents the Council's 2020-21 audited statement of accounts.

This report also briefly details the key financial points from the accounts.

Chris Chapman
Director of Finance & IT

Report Contact: Andrew Cross
Budgeting, Management Accounting & Projects
07870 386523
andrew.cross@bradford.gov.uk

Portfolio:

Corporate

Overview & Scrutiny Area:

Corporate

1. SUMMARY

- This report presents the 2020-21 (updated draft) Statement of Accounts (Appendix A) and summarises the key financial points arising.

- The recommendation contained in this report is to approve the (updated draft) 2020-21 statement of accounts.

2. BACKGROUND

- The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. The Council prepared the draft statement of accounts for 20 August 2021.

  The statement of accounts is prepared in accordance with proper practices as set out in the CIPFA /LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and is subject to scrutiny by the council's external auditor, which for the 2020-21 financial year is Mazars LLP.

3. OTHER CONSIDERATIONS

- Following on from 20 August 2021, the 2020-21 statement of accounts were externally audited during the months of September to November. Staff have continued to adjust to new working methods and additional workloads.

4. (A) FINANCIAL & RESOURCE APPRAISAL

- The key financial implications as at 31 March 2021 from the 2020-21 statement of accounts are summarised below:

  - Covid – The accounts for the financial year 2020-21 reflect the nature of the activity that has been undertaken to respond to the pandemic but also to continue to provide essential services. The financial pressures of the increased and new activity were supported by substantial additional Government grant and other funding, meaning that the additional Covid related costs and losses were mitigated in the financial year 2020-21.

  - Useable reserves (excluding Capital Grants Unapplied) stood at £299.4m (Council £256.5m, and Schools £42.9m) (Page 14, & Note 5 page 40), compared to £238.9m at the end of 2019-20, representing a £60.5m increase in total useable reserves. The main reason for the increase was Covid related with the Council holding Covid grants received but not yet spent (including Collection fund related funding) at 2020-21-year end, with the expectation that these will be fully used in 2021-22. Unallocated reserves were £10.7m, and General Fund reserves stood at £15m. The General Fund Balance is held in accordance with statute; the purpose is as a safety net against unexpected variations in the Council's annual expenditure – this was £1.2 billion (page 21) as shown in the cost of services in the Comprehensive Income and Expenditure Statement. Earmarked reserves are held to protect against specific risks and commitments.

- The Council spent £63.9m on long term assets, as part of its Capital Programme.

- The Council held £38.3m of grants provided by external public sector bodies, which will be used in the future to finance the Capital Programme. £4.8m from the sale of property was both received and used to fund capital spend during the 2020-21 year.

- The Council has £698.8m remaining of borrowing for past spend on capital investment. £154m of this borrowing is in the form of contractual Private Finance Initiative liabilities. £3.5m mainly relates to miscellaneous historical debt. £205.3m is temporarily borrowed from the Council's own cash held in earmarked reserves, reducing interest payments. The remaining £336m is actual borrowing from the Public Works Loan Board and LOBO'S.

- Against the £698.8m of borrowing, the Council has £1,022m of land, buildings, equipment and other infrastructure. The value of the Council's long-term property is therefore significantly higher than the outstanding debt relating to it.

- The 2020-21 balance sheet value of the Council's non-current assets (including current assets held for sale) is £1,022m. This has decreased by £8.7m from the 2019-20 value of £1,030.7m. Capital enhancements to the value of £49.3m were made to these assets during 2020-21 and Assets to the value of £16.5m were disposed of during the year. Also Non-current assets were depreciated by £33.824m during 2020-21

- The Council's estimated pension fund deficit has increased to £1,254.6m, based on an estimate made in accordance with accounting rules. The overall defined benefit obligation has increased and this has been primarily due to a remeasurement of the fair value of assets following actuarial losses caused by changes in financial assumptions.

- The Council maintains a separate fund for Business Rates and Council Tax, from which it distributes pre-agreed shares to itself, the Government, West Yorkshire Fire and Rescue Authority and the Police and Crime Commissioner. Overall the fund ended 2020-21 with a deficit position for both Business Rates and Council Tax. The Council's own share was a £29m deficit on Business Rates, with the Government holding a £30m deficit (page 85). The significant Collection Fund deficit for 2020-21 has arisen largely in relation to reductions being applied to business rates. These reductions reflected central government's support for businesses, in response to the COVID-19 pandemic, by awarding expanded retail discounts and nursery reliefs, meaning that less rates were billed and therefore collectable in 2020-21. The business rates reductions are funded by central government through Section 31 Grants. The compensation is not included in the Collection Fund but is reimbursed to the Council through the General Fund account. Further relief is provided by central government through the '75% Tax Income Guarantee compensation scheme' which compensates councils for 75% of council tax and business rates irrecoverable losses. The compensation

funded by S31 grants, is not included in the Collection Fund, but is reimbursed to the council's general fund which includes £2.546m towards Council Tax losses and £4.582m for Business Rates losses.

A full analysis of these and other financial issues is included in the Narrative Report which can be found at the front of the accounts.

4 (B) Audit Completion Report

- Five misstatements in the draft accounts have not been adjusted for. These relate to property valuations and income and spend being incorrectly accounted for in the incorrect year. A decision was taken not to adjust has they have been assessed as not being material either individually or in aggregate to the financial statements.

- Other minor misstatements have been adjusted for.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

These are addressed in the body of the report.

6. LEGAL APPRAISAL

There are no specific legal issues arising from this report. The production of the Statement of Accounts is a statutory requirement.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

There are no specific equality and diversity issues arising from this report.

7.2 SUSTAINABILITY IMPLICATIONS

There are no specific sustainability implications arising from this report.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

There are no specific greenhouse gas emissions impacts arising from this report.

7.4 COMMUNITY SAFETY IMPLICATIONS

There are no specific community safety implications arising from this report.

7.5 HUMAN RIGHTS ACT

There are no specific issues arising from this report.

7.6 TRADE UNION

The Director of Human Resources may advise on this aspect.

7.7 WARD IMPLICATIONS

There are no specific issues arising from this report.

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

Nil

7.9 IMPLICATIONS FOR CORPORATE PARENTING

There are no specific corporate parenting implications arising from this report.

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no specific issues arising from this report.

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

Not applicable

10. RECOMMENDATIONS

That the 2020-21 Statement of Accounts be approved and signed by the Chair of the Committee.

11. APPENDICES

Appendix A: 2020-21 Statement of Accounts

12. BACKGROUND DOCUMENTS

None

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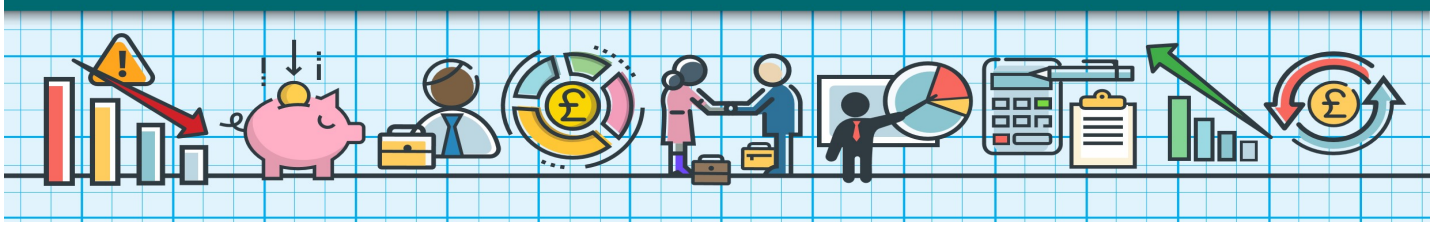
Statement of Accounts 2020 – 21

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL



CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2020-21

CONTENTS Page

Introduction to the Council's Statement of Accounts

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

1. The Narrative Report

The Report by the Director of Finance & IT summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2020-21. There is a distinction between revenue spending (the annual cost of providing services) and capital expenditure, which has a long-term benefit for the citizens of the Bradford district.

2. Movement in Reserves Statement

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

3. Comprehensive Income and Expenditure Statement

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

4. Balance Sheet

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

5. Cash Flow Statement

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

6. Statement of Significant Accounting Policies

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

The accounting policies set out the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the fi89nancial statements. The accounting policies are based on interpretations and adaptations for the public sector set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

7. Notes to the Main Financial Statements

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

8. Collection Fund Statement

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

9. The Group Accounts

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

10. The Pension Fund Account

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

11. Glossary of Terms

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

12. Annual Governance Statement

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

Notes to the Main Financial Statements

City of Bradford Metropolitan District Council's Statement of Responsibilities

The Council is required to:

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

Director of Finance & IT Responsibilities

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

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

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

In addition, he has issued:

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

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

Certification of the Statement of Accounts

I certify that this statement of accounts presents a true and fair view of the financial position of Bradford Council at 31 March 2021 and its income and expenditure for the year then ended; and of the West Yorkshire Pension Fund.

Signed:

Chris Chapman
Director of Finance & IT (S151 officer)
Date: 25th November 2021

I certify that this Statement of Accounts was approved by the Corporate Governance and Audit Committee on xxxxxx 2021.

Signed

Cllr Angela Tait
Chair Governance and Audit Committee
Date: 25th November 2021

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

Report to be inserted following the audit.

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

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

Report to be inserted following the audit.

The Narrative Report

Introduction

The Financial Statements of the City of Bradford Metropolitan District Council for the year ending 31st March 2021 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 2021 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.

Narrative report Introduction

The financial year 2020-21 has been like no other. Along with the rest of the country, the Council has had to manage the unprecedented challenges posed by the COVID-19 pandemic.

Since the start of the first national lockdown on 24 March 2020, and indeed in the weeks immediately leading up to the lockdown, COVID-19 has influenced every aspect of the Council's work. Challenging though it has been, the Council has responded well, delivering a wider range of new initiatives as well as continuing to deliver business as usual services, adapting provision to align to the circumstances.

The accounts for the financial year 2020-21 reflect the nature of the activity that has been undertaken to respond to the pandemic but also to continue to provide essential services. The financial pressures of the increased and new activity were supported by substantial additional Government grant and other funding, meaning that the additional Covid related costs and losses were mitigated in the financial year 2020-21.

The administration of the new COVID-19 related expenditure and income losses associated with the Council's service provision, as well as the multitude of different COVID emergency grants received by the Council, supported the Council's services and local businesses and presented new challenges for the Council's Financial Services team. The extent of the resources received is highlighted later in this document.

This Narrative Statement will cover the impact of COVID in more detail but will firstly outline key information about the District and the Council to provide background context.

Organisational Overview & External Environment

Our district

The City of Bradford Metropolitan District Council, working alongside public and private sector partners and communities, seeks to deliver services and democratically accountable leadership to a diverse population in excess of 530,000 people and approximately 16,000 businesses.

The Council strives to secure better outcomes and equality of opportunity for everyone in the district. It employs more than 8,000 staff. The Bradford District is the fifth largest Metropolitan Local Authority District in England. It is the youngest district in the UK, with nearly a third of the population aged under 20. Ethnic minorities form a third of the total population of the district with over 150 languages spoken within the district.

Geographically, our district includes the city of Bradford itself, the large town of Keighley and a number of 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 £9.5 billion, the 11th largest in England.

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.

We are proud to be identified by Barclays Bank as the best place in Britain to start a business, named as one of the Sunday Times' top 20 places to do business, and identified as the most improved city in the Price Waterhouse Cooper's Good Growth

2019 Index. The district has a strong and committed network of voluntary and community organisations with an estimated 30,000 regular volunteers and 100,000 occasional volunteers. The spirit of our communities is a tangible asset that we want to work on more with people in the future to develop and deliver our shared objectives.

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.

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 266,000 people live in the poorest areas, and nearly one third of our children live in poverty. Fuel poverty affects 13.5% of households. Health inequalities persist and the gap in life expectancy between the wealthiest and poorest areas of the district is around nine years for men and around eight years for women. These levels of poverty and inequality are unacceptable and consequently increase the demand for public services.

- Connectivity: We need to do more to improve transport connectivity between Bradford, Keighley and Shipley. Bradford is the largest city in the UK not on a mainline rail station and travel times between all parts of the district and indeed the wider north are unacceptable.

- 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. Our Band D Council tax is 8% below the average for Metropolitan authorities and 80% 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 are elected by local residents on a ward by ward basis.

The make-up of the Council is:

- 51 Labour Councillors
- 25 Conservative
- 7 Liberal Democrat
- 3 Green
- 1 Bradford Independent
- 1 Ilkley Independent
- 1 Independent
- 1 Independent Socialist

The Labour Party are the ruling party and the lead Labour Party Councillors form the Executive.

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

The Council Plan 2021-2025

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 2021-2025 builds on some of the same priorities as the 2016–2020 plan but also looks to address some new major challenges that our district will face in the coming years. These include responding to and recovering from the COVID-19 pandemic; and following the Council's declaration of a climate emergency, taking the steps we need to take to deal with that emergency and to continue to build on sustainable delivery.

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

Our Priority Outcome Areas

The Council Plan helps to set our priorities and inform our future budget and medium-term financial strategies. We have placed a fair, inclusive and sustainable recovery at the heart of this.

In terms of future activity each of our priority areas are divided into two sections:

a) Living with COVID-19 – how we help our residents, businesses and places overcome the ongoing challenges presented by the coronavirus pandemic.

b) Building a Better Future – how we work to secure a better long-term future for the district, its people, its communities and its businesses.

Our main priority outcomes are as follows:

- **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.

- **Decent Homes** - We want everyone to have a comfortable home which meets their needs and helps them lead fulfilling lives.

- **Good Start, Great Schools** - 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.

- **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.

In addition, the Council's work will be underpinned by the following cross-cutting principles:

Equalities must be at the heart of all that we do: This means that everyone can access services regardless of their background, that we embrace our different communities across the whole district and that we build an inclusive organisation. We want to be an organisation which actively recognises the contribution that people from different backgrounds make to all aspects of the Council's work and the district's communities. Our Equality Objectives are published alongside the Council Plan and feature across our outcome areas. Our Equality Objectives and accompanying Equality Plan for the period 2020-2024 will outline how we intend to keep equalities at the heart of all we do.

Working together: We will work with our communities to get them involved at every opportunity. We will empower individuals so that they can be involved in the process of designing how outcomes are achieved. We will collaborate with other public sector organisations and our communities to ensure residents and businesses have the best opportunity to reach their potential. Together we will be strong, creative, innovative and effective, compassionate and thoughtful, delivering the very best services for all. We recognise that no single organisation can achieve our priority outcomes alone and that partnership and working together will be central to success.

Early help and prevention: This means we will support people early and in their communities to prevent their needs from escalating and to improve their outcomes. This will reduce demand on services and improve the quality of life of individuals. We will be supported in delivering on this cross-cutting principle through our Early Help Board Strategy and Action Plan.

Every pound counts: We will adopt effective and value-for-money approaches to service delivery. We will increase the proportion of Council resources spent locally to help grow the Bradford District economy and develop our local supply chains. We will ensure that services are creative, innovative and effective to provide the best outcomes for our residents and businesses. Working with others, we will ensure we get the best and most effective value for every pound spent in Bradford District. Internally the Council has a number of strategies and plans in place, such as our Financial Strategy, our Procurement Strategy and our Council Workforce Plan.

Living Well: We will work alongside our communities and our partners in the NHS, independent sector and Voluntary and Community Sector, to embed Bradford's Living Well, whole systems approach to improving health and wellbeing for everyone. With energy and commitment, we will actively pursue the Living Well mission – to make it easier for people in the district to adopt healthier lifestyle behaviours' – and in doing so, reduce preventable health conditions, (including childhood obesity), reduce premature deaths and increase the number of years that the district's people live in good health and wellbeing.

Safeguarding: Bradford District will work with partners and communities to do everything it can to ensure that children and adults at risk in the District are kept safe. We will work together to deliver this principle in collaboration with our children's and adult's safeguarding board. This is not just a role for professionals in social care, but will be part of everyone's role in the Council.

Further detail about the Council Plan can be found via this link councilplan2021-25.pdf (bradford.gov.uk)

2020-2021 and beyond

In support of the Council Plan, the Council sets a Medium Term Financial Strategy (MTFS) in July of each year, in preparation for setting the following year's budget.

The MTFS aims to balance the cost of achieving desired objectives against available financing. These desired objectives support the Council Plan and other strategies, are summarised across key outcomes.

Inflation, demographic growth, and the additional pressures in Adults and Children's' Social Care, coupled with the significant uncertainty surrounding the ongoing impact of COVID19; delays to the Government's Fair Funding review, and Social Care funding review, mean that financial planning is currently very challenging.

Many councils across the country are now experiencing very severe financial challenges. Whilst the challenges for the Council are significant, through sound financial planning, maintaining relatively robust levels of reserves, and in year management, the Council remains in relatively strong financial health.

Financial Performance

Revenue Outturn 2020-21

The Council's General Fund budget for its own net expenditure was set at £378m in 2020-21.

Band D Council Tax (excluding both Police and Fire Authority precepts), was set at £1,427, a 1.99% 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. This robust financial management has helped the Council to maintain good financial health, despite continuing pressures on the public sector generally.

As outlined in reports to Executive throughout the year, the COVID-19 pandemic has had a significant impact on the Council's financial position. The overall financial effect on the Council is complex, with various grant funds being received from numerous Government departments. Overall, it is estimated that the total impact on Council services in 2020-21 was £92m, of which gross additional costs totalled £67m, and loss of income from fees and charges totalled £25m (excluding Collection Fund losses).

Most of the financial impact on the Council was mitigated by Government grants and other income in 2020-21, including Emergency Grants, the Contain Outbreak Management Fund, Winter Pressures, the Sales Fees and Charges compensation scheme, and additional funding for business grants, along with funding from the CCG for hospital discharge amongst others.

Despite these additional funding streams, the ongoing impact in future years is still expected due to a range of issues, including the longer term impacts on individual residents leading to an increase in the cost of care.

In addition, a potential loss of both Council Tax and Business Rates income is to be expected as some residents and businesses struggle to recover from the pandemic.

In addition to the direct financial consequences of the pandemic, in terms of additional expenditure and lost income, staff time and effort throughout the year has been dedicated to supporting residents and communities. This has resulted in attention being diverted away from more business as usual activity, including the actions needed to deliver savings and manage some of the underlying budget pressures being experienced in Adults & Children's Social Care.

We are also seeing a rise in both Adult and Children's Social Care costs as a direct result of the pandemic. These are national issues that are not unique to the Bradford District, and the combination of increased costs and delays in achieving savings is having a detrimental impact which threatens to adversely impact the Council in future years.

Despite the challenges, the Council underspent the £378m net expenditure budget by £0.4m in 2020-21. Although this was a good result overall, the underspend did include some significant overspends, most notably in Children's Social Care and Waste Services, and there remains considerable financial challenges looking ahead into 2021-22 and beyond.

Net Revenue Budget

	Gross Budget £m	Net Budget £m	Variance £m
Health and Wellbeing	246.0	117.3	-2.2
Children's Services	480.0	90.3	5.4
Department of Place	176.4	107.8	-1.2
Corporate Resources	212.8	55.9	-1.9
Chief Executive	5.3	4.9	-0.3
Non Service Budgets	26.0	-18.8	-0.2
General Fund	56.9	20.6	0.0
Total Council	**1,203.4**	**378.0**	**-0.4**

Reserves

At 31st March 2021 useable reserves (excluding Capital Grants Unapplied) stood at £299.4m (Council £256.5m, and Schools £42.9m), compared to £238.9m at the end of 2019-20, representing a £60.5m increase in total useable reserves. Unallocated reserves were £10.7m, and General Fund reserves stood at £15m.

	Closing Balance 2018-19 £m	Closing Balance 2019-20 £m	Net Movement	Closing Balance 2020-21 £m
Council reserves	181.6	207.0	49.5	256.5
Schools balances	27.2	31.9	11.0	42.9
Total	208.8	238.9	60.5	299.4

The main reason for the £60.5m increase in useable reserves is COVID-19 related, with the Council carrying forward £27m of Covid related grants received in 2020-21 to support Council Services in 2021-22, and an £18m increase in the reserve holding Section 31 grants and Tax Income Guarantee compensation from the Government which related to 2020-21, but which will be needed to repay the Council's £34.8m share of 2020-21 Collection Fund deficits in 2021-22.

The total value of revenue balances held by maintained schools at the end of 2020-21 also increased by c£10.9m to £42.9m. There are a number of factors that contributed to this increase, including the impact of COVID-19 where planned activity (and planned spending) has been delayed into 2021-22.

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 setting the annual budget the s151 Officer undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve and this was incorporated into the Council budget reports. For 2020-21, it was determined that a level of £15m remained an appropriate figure.

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.

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 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 2020-21 balance sheet value of the Council's non-current assets (including current assets held for sale and excluding Long term debtors) is £1,021.9m. This has decreased by £8.8m from the 2019-20 value of £1,030.7m. Capital enhancements to the value of £49.3m were made to these assets during 2020-21 and Assets to the value of £16.5m were disposed of during the year.

Non-current assets were depreciated by £33.824m during 2020-21. This figure includes amortisation of intangible assets. Valuations on the Council's properties are carried out by qualified valuers within the council's Asset and Property Management Team. A revaluation programme exists which set out when each category of Asset will be valued and during 2020-21 this programme included car parks, sports pavilions, and Children's Centres.

Risks and opportunities

The COVID-19 pandemic has been a nationwide issue and the district has been significantly impacted.

A key issue for the Council is Children's Social Care which is on an improvement journey, and has seen significant growth in budget in recent years. However, the budget overspent significantly in 2020-21 due to high levels of Agency Social Workers and increased Child Looked After placements, and this pressure is likely to persist in future years.

There remains a wide range of uncertainties, not least the continued recovery of the economy and the impact on the district of the changing way residents choose to live their lives. At this stage we do not know whether previously seen levels of car parking, sports and culture income, and other sales, fees and charges will return to pre-pandemic levels, or what the impact of COVID will be on the cost of Adults and Children's social care, mental health services and waste services in particular for the district.

Uncertainty continues about the longer-term financial aftermath of COVID-19. For the district this could impact on a huge variety of areas affecting residents and businesses.

Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is essential.

The Capital Strategy sets out continuing significant capital investment, and details regarding some of the major capital schemes that will impact on the economy of the District. At a time of significant funding uncertainty and rising demand it is absolutely essential to set a prudent, stable and achievable budget.

Many councils across the country are now experiencing very severe financial challenges. Whilst the challenges for this council are significant, through sound financial planning, and in year management, the Council remains in robust financial health.

In response to a shift in demand led expenditure pressures and reductions in grant funding, the Council is taking steps to enable itself, residents and communities to work together as equal partners to meet their future needs and priorities. In terms of investment, the Council continues to spend a significant amount of its budget on protecting vulnerable people through its Social Care services.

In 2020-21 the net cost of Adult & Children's Social Care was £207m, 55% of the Council's net budget. 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.

The budget process for 2021-22 adopted a risk-based approach, and in particular prioritised statutory services to vulnerable children, and key frontline services.

Alongside the revenue budget, there are proposals for further major investment in a variety of schemes. These continue the Council's approach to prioritise investment in the local economy, regeneration and to invest to save. In addition, the Council is

continuing to make a significant 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.

Key performance indicators

The Executive for the Council Plan (2021-25) agreed 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

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 North and West Yorkshire Business Rates Pool in 2020-21. The pool is a voluntary arrangement which allows local authorities to retain locally a proportion of any growth in business rates income. The pool was established on 1st April 2020 with the aim of furthering economic development activities across the region. It is funded from "levies" on business rates growth which would otherwise be paid over to central government.

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 Joint Committee is responsible for making decisions about the use of pool receipts. At the end of 2020/21 the pool was revoked and a new pool of the Leeds City Region was established in 2021/22, retaining 50% of business rates.

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.

The pandemic has caused significant swings for Council Tax and Business Rates collection. But also there have been significant changes to the way these schemes work. The financial impacts are looked at in more detail below.

On Council Tax, there were a number of different pressures. Rising unemployment has increased the cost of the Council Tax Reduction scheme (previously called Council Tax benefit) from around 27,000 to around 32,300 recipients at 31st March 2021. Reduced housebuilding and some demolitions has meant that anticipated growth in properties did not occur. Additional losses are expected for uncollected debt. Furthermore, the expected surplus from the 2019-20 Council Tax collection was at outturn, a very small deficit.

Overall, there was a Council Tax collection fund deficit of £7.3m in 2020-21, of which the Council's share was £6.1m. £3.3m of this has to be repaid in 2021-22, but the Council will also receive c£2.5m in compensation from Government via the Tax Income Guarantee scheme.

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. Further, as a result of the pandemic, 100% relief was provided to retail businesses; therefore, this aspect of the collection is de-risked, because it was also funded by the Government as a grant.

Another aspect of the Business Rates collection to consider is that an expected prior year deficit, outturned at a higher surplus than budgeted which will help mitigate pressures in the 2021-22 financial year.

Overall, there was a Business Rates collection fund deficit of £59m at 31st March 2021 of which the Council's share was £28.7m. The Council has received Section 31 grants from the Government in 2020-21 to compensate for the additional reliefs provided to businesses, and will also receive Tax Income Guarantee scheme income of around £4.5m. Overall, the Council's share of the Collection Fund deficit from 2020-21 will be materially covered by grants.

Looking ahead, although we have factored in some level of increased unemployment/ higher levels of Council Tax Reduction Scheme recipients into the Council Tax calculations for 2021-22, the end of furlough, and any long term economic impacts of COVID-19 could result in further Collection Fund issues in 2021-22 and beyond.

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

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 2020-21 spend at £209.1m (Full Council, 20 February 2020). This budget was re-profiled to £120.5m in the 1st quarter monitoring report (Executive, 7th July 2020). Since the agreement of the 2020-21 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 £137.2m with the spend forecast being £79.3m (Executive, 6 April 2021).

Against the latest re-profiled budget of £137.2m, the Outturn was £63.9m. This is summarised by Department, including some of the major schemes, in the Table below.

Capital Expenditure 2020-21		
Department and Schemes	**Major Schemes**	**Total Spend**
	£000	**£000**
Health and Wellbeing		**586**
BACES Disabled Facilities Grant	465	
Children' s Services		**16,987**
Primary Schools Expansion Programme	1,202	
Devolved Formula Capital	421	
Capital Maintenance Grant	2,893	
Secondary School Expansion	1,890	
Silsden School	5,052	
SEN School Expansion	2,727	
Place – Economy and Development Services		**9,741**
New Affordable Housing	772	
Disabled Housing Facilities Grant	3,038	
Empty Private Sector Homes Strategy	1,126	
Conditioning House & High Point Grant	2,961	
City Centre Market	522	
Place – Planning, Transport and Highways		**18,929**
Capital Highways Maintenance	4,676	
Challenge Fund	805	
West Yorkshire Transport Fund	5,436	
Smart Street Lighting	1,336	
Potholes	1,199	
Place – Other		**12,028**
Replacement of Vehicles	4,508	
Bereavement Strategy	2,734	
Parks & Play Spaces	987	
Corporate Resources		**5,635**
Property Programme	1,185	
Godwin Street	989	
IT Infrastructure	2,443	
Total		**63,906**

Where the money came from to pay for the spending on capital schemes in 2020-21:

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 2020-21 it decreased from the level in 2019-20 of £710.701m to £698.763m.

The main reason for the decrease in the Capital Financing Requirement was the lower capital spend reducing 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 2020-21 the capital spending of £63.9m was funded as follows:

- £14.6m (36%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £41.4m (56%) from government and other grants.
- £3.7m (5%) from revenue contributions and other revenue reserves.
- £2.9m (2%) from capital receipts from the sale of land and buildings.
- £1.3m (1%) from other Finance Leases.

Looking ahead, the Council is progressing with some major regeneration schemes including the Bradford Live Music venue in the former Odeon building, the new Market on Darley Street and One City Park office accommodation.

Schools

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

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

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

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

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

In 2020-21 14 schools converted to Academies, five of which were Community Schools and as at 1 April 2020, on the Council's Balance Sheet and nine were Voluntary Aided. The Council is not recompensed for any of these disposals. The table below categorises all Bradford schools and sets out the current accounting treatment.

Type of school	2019-20	2020-21	Accounting Treatment
Community	49	44	On Balance Sheet
Special Schools	3	3	On Balance Sheet
Foundation	7	7	One Church of England School Off Balance Sheet, six owned by Governing Bodies are On Balance Sheet
Voluntary Aided	23	14	Off Balance Sheet
Voluntary Controlled	6	6	Off Balance Sheet (with the exception of two)
Academies	100	114	Off Balance Sheet (with the exception of one still on a short term lease)
Trust	2	2	Off Balance Sheet
TOTAL SCHOOLS	**190**	**190**	
Nurseries	7	7	On Balance Sheet

For further information on how the Council decides which schools should be included on its Balance Sheet see the Critical Judgements in Applying Accounting Policies on page 36.

Treasury Management

The Council's year-end treasury debt position for 2020-21 compared to 2019-20 is summarised in the table below:

	31 March 2020 Principal £'m	31 March 2021 Principal £'m
Fixed rate funding:		
-PWLB	299.7	297.8
-Market	36.2	36.2
-Other	0.4	0.4
PFI and other finance leases	163.0	154.9
Short term borrowing	10.0	0.0
Total debt as per Treasury Management Outturn Report	509.3	489.3
In year carrying value adjustment	1.6	1.6
Total Debt as at 31 March	**510.9**	**490.9**

£1.815m of loans matured in July 2020 with an average rate of interest of 9.8%. Due to the high cash balances no new loans were undertaken this year. The Council maintained an average balance of £119m of internally managed funds. The internally managed funds earned an average rate of return of 0.13%.

Pensions

The Council is a member of, and lead authority of, the West Yorkshire Pension Fund (WYPF). The Council's overall pension liability is £1,254.620m (an increase from £1,046.170m in 2019-20). The overall defined benefit obligation has increased and this has been primarily due to a remeasurement of the fair value of assets following actuarial losses caused by changes in financial assumptions. Further details can be found in Note 27, Defined Benefit Pension Schemes. Whilst the pensions liability figure is substantial 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 liability is matched by an appropriate accounting entry under Reserves.

Living with COVID-19

The coronavirus pandemic has presented additional challenges and tests to our organisation, our communities, our public sector partners and our businesses.

COVID-19 has had a disproportionate impact on our most disadvantaged people, including young people, persistently deprived communities, Black, Asian and minority ethnic (BAME), women, migrants, people in poverty and on low incomes, and the elderly. As we are the UK's youngest city and we are concerned about the impact on our children's health and future prospects, addressing these areas is a key priority for the next four years.

The full implications of COVID-19 on the district and its economy are still to be fully understood. Modelling commissioned by the West Yorkshire Economic Recovery Board demonstrates the significant impact the pandemic could have on businesses and communities.

Even in the event of a relatively strong recovery, the district's economy is still set to shrink, in line with national trends. If we see a slower, uneven recovery, modelling suggests our economy could shrink by the end of 2021. This will have an impact not only on businesses, but also on people's jobs and livelihoods.

Tackling COVID-19 has affected our financial position significantly. It has brought many new costs and has increased demand in many services. At the same time, it has reduced our ability to raise funds and collect expected income from fees and charges.

The financial impact of COVID-19 has been vast. Our best estimates are that the additional impact on Council service provision was approximately £92m in 2020-21. This consisted of approximately £67m of additional expenditure to support the Care sector; provide PPE, fund additional Waste disposal, organise outbreak containment, provide food & other support to the vulnerable, and provide a multitude of other support. Additionally, Council services incurred approximately £25m of income losses from reduced sports facility income, theatre ticket sales, reduced car parking income amongst others.

The Council also incurred losses on the Council Tax and Business Rates collection funds of £34.8m as detailed in the Collection Fund, and the Council administered £173.9m of support to Businesses through grants, as detailed in Note 45 and business rates relief as detailed in the Collection Fund.

Although very welcome additional Government monies covered additional costs and income losses in 2020-21, and approximately £27m of COVID-19 related funding has been moved into reserves to provide continued support in 2021-22, the ongoing impact is likely to be far reaching and long lasting, and there remains significant uncertainty about the financial impact moving into future years.

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 2021 General Fund Balance of £57.863m comprises £15m (£15m in 2019-20) balances generally available to the Council and £42.863m (£31.922m in 2019-20) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £39.294m (deficit of £75.455m in 2019-20) within the Comprehesive Income and Expenditure account is reversed out of usable reserves into unusable reserves. This is because by statute many of the accounting transactions making up the deficit cannot be charged against the General Fund Account. Unusable reserves have reduced by £244.448m (decrease of £67.607m in 2019-20).

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Un-usable Reserves	Total Council Reserves
					Note 5 & Balance Sheet	Note 20 & Balance Sheet	Balance Sheet
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	**42,276**	**166,546**	**-**	**47,345**	**256,167**	**(670,673)**	**(414,506)**
Movement in reserves during 2019-20							
Surplus/ (deficit) on provision of services	(75,455)	-	-		(75,455)	-	(75,455)
Other Comprehensive Income and Expenditure	-	-	-	-	-	24,265	24,265
Total Comprehensive Income and Expenditure	**(75,455)**	**-**	**-**	**-**	**(75,455)**	**24,265**	**(51,190)**
Adjustments between accounting basis & funding basis under regulations (Note 4)	105,587	-	-	(13,715)	91,872	(91,872)	-
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**30,132**	**-**	**-**	**(13,715)**	**16,417**	**(67,607)**	**(51,190)**
Transfers to/from Earmarked Reserves (Note 5)	(25,486)	25,486	-	-	-	-	-
Increase/Decrease(-) in 2019-20	**4,646**	**25,486**		**(13,715)**	**16,417**	**(67,607)**	**(51,190)**
Balance at 31 March 2020	**46,922**	**192,032**	**-**	**33,630**	**272,584**	**(738,280)**	**(465,696)**
Movement in reserves during 2020-21							
Surplus/ (deficit) on provision of services	(39,294)	-	-	-	(39,294)	-	(39,294)
Other Comprehensive Income and Expenditure		-	-	-	-	(140,021)	(140,021)
Total Comprehensive Income and Expenditure	**(39,294)**	**-**	**-**	**-**	**(39,294)**	**(140,021)**	**(179,315)**
Adjustments between accounting basis & funding basis under regulations (Note 4)	99,757	-	-	4,670	104,427	(104,427)	-
Net Increase/Decrease (-)before transfers to Earmarked Reserves	**60,463**			**4,670**	**65,133**	**(244,448)**	**(179,315)**
Transfers to/from Earmarked Reserves (Note 5)	(49,522)	49,522	-	-	-	-	-
Increase/Decrease(-) in 2020-21	10,941	49,522	**-**	4,670	- 65,133	(244,448)	(179,315)
Balance at 31 March 2021	**57,863**	**241,554**	**-**	**38,300**	**337,717**	**(982,728)**	**(645,011)**

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.

2019-20	2019-20	2019-20		2020-21	2020-21	2020-21
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
241,136	(122,763)	118,373	Health and Wellbeing	267,311	(146,548)	120,763
486,477	(379,006)	107,471	Children's Services	497,084	(394,014)	103,070
185,225	(72,633)	112,592	Department of Place	172,882	(48,497)	124,385
6,060	(1,299)	4,761	Chief Executive	6,505	(1,091)	5,414
199,092	(143,250)	55,842	Corporate*	191,271	(136,695)	54,576
3,592	(330)	3,262	Non Service Budgets	21,282	(12,305)	8,977
27,555	(3,583)	23,972	Central Budgets	27,919	(6,987)	20,932
1,149,137	**(722,864)**	**426,273**	**Cost of services**	**1,184,254**	**(746,137)**	**438,117**
		30,360	Other Operating Expenditure (Note 8a)			14,309
		62,646	Financing and Investment income and expenditure (Note 8b)			67,177
		(443,824)	Taxation and non-specific grant income (Note 8d)			(480,309)
		75,455	**Surplus (-) /Deficit on Provision of Services**			**39,294**
		(3,880)	Surplus (-)/Deficit on revaluation of non current assets			(6,946)
		(20,385)	Re-measurements of the net defined benefit liability (Note 20d)			146,967
		(24,265)	**Other Comprehensive Income and Expenditure**			**140,021**
		51,190	**Total Comprehensive Income and Expenditure**			**179,315**

*2019-20 Revenue and Benefit Services were shown separately, in 2020-21 this has been amalgamated into Corporate Services as per our organisational structure.

Balance Sheet

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

31 March 2020		31 March 2021	Notes
£000		£000	
935,827	Property, Plant and Equipment	937,595	9
37,413	Heritage Assets	37,698	12
54,580	Investment Property	46,102	13
379	Intangible assets	246	14
1	Long term investment	1	15
1,924	Long term debtors	2,425	16
1,030,124	**Long Term Assets**	**1,024,067**	
19,050	Short Term Investments	80,004	17
2,536	Assets Held for sale	225	18
2,270	Inventories	5,754	17
90,729	Short Term Debtors	127,661	17
96,364	Cash and Cash Equivalents	82,571	17
210,949	**Current assets**	**296,215**	
(5,696)	Cash and Cash Equivalents (Overdraft)	(3,413)	17
(15,312)	Short term borrowing	(8,964)	17
(104,714)	Short Term Creditors	(185,871)	17
(6,703)	Provisions	(5,188)	19
(132,425)	**Current Liabilities**	**(203,436)**	
(17,865)	Provisions	(10,600)	19
(336,061)	Long term borrowing	(330,531)	43b
(1,205,044)	Other Long-Term liabilities	(1,405,155)	35
(15,374)	Capital Grants Receipts in Advance	(15,571)	41
(1,574,344)	**Long Term Liabilities**	**(1,761,857)**	
(465,696)	**Net Liabilities**	**(645,011)**	
(272,584)	Usable Reserves	(337,717)	*5*
738,280	Unusable Reserves	982,728	20
465,696	**Total Reserves**	**645,011**	

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.

2019-20		**2020-21**
£000		**£000**
(75,455)	Net surplus or (deficit) on the provision of services (Comprehensive Income and Expenditure Statement) (page 19)	(39,294)
128,210	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 21 d)	184,902
(24,845)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 21 d)	(50,888)
27,910	**Net cash flows from Operating Activities (Note 22 a)**	**94,720**
(23,555)	Investing Activities (Note 21 b)	(53,838)
44,860	Financing Activities (Note 21 c)	(52,392)
49,215	**Net increase or (decrease) in cash and cash equivalents**	**(11,510)**
	Balance Sheet Movement	
41,453	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	90,668
90,668	Cash and cash equivalents at the end of the reporting period (Note 17) (Balance Sheet: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	79,158
49,215	**Net increase or (decrease) in cash and cash equivalents**	**(11,510)**

Note 1. Statement of Significant Accounting Policies

The following notes are provided to give more detailed analysis in support of the main financial statements. They include all the information authorities are required to disclose except that for this Council the following disclosure requirements are not relevant for the 2020-21 Statement of Accounts:

- Schemes under the Transport Act 2000 (road user charging and workplace parking levy schemes): The Council has not entered into any such activities.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The Council had no HRA in 2020-21 and none of its trading services uses a material level of the overall net assets.

The accounts have been prepared in accordance with:

- The Accounts and Audit Regulations 2015.
- The Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as adopted and adapted by the Code.

Fundamental Accounting Principles

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

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

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

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

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

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

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

i. Accruals of Income and Expenditure

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

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

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

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Expenditure on rent allowances is accounted for on a 52-week basis, with an occasional 53rd week being charged into the accounts.
- A deminimis of £1,000, services may in exception still do these such as schools, has been set for the 2020-21 year. 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 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iii. Exceptional Items

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

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

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

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

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

v. Charges to Revenue for Non – Current Assets

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

- The Local Government Pensions Scheme, administered by Bradford Council on behalf of the West Yorkshire Pension Fund.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- 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.
- Contributions paid to the West Yorkshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

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

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 2020-21 figures are based on actual take-up levels up to 31 March 2021.

Teachers' Pensions

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

Discretionary Benefits

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

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

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

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

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

Financial Assets Measured at Fair Value through Profit of Loss

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

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

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

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

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

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

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

ix. 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.

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

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

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

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

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

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

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

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

xi. Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are

therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. Interests in Companies and Other Entities

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

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

xiii. 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.

xiv. 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.

xv. Joint Arrangements

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

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

xvi. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

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

Operating Leases

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

xvii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Component Accounting

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

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

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

Impairment

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xviii. 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.

xix. 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.

xx. 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 20.

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 to the relevant service in the Comprehensive Income and Expenditure Statement in the year. This includes grants and other assistance given to outside bodies and individuals for capital purposes. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

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. Acquired and Discontinued Operations

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

xxvi. 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 2020-21

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.

Definition of a Business: Amendment to IFRS 3 Business Combinations - provides clarity on the definition of a business. WE are not expecting this to affect our accounts when this is implemented from 1st April 2021.

Interest Rate Benchmark Reform phase 1 and phase 2: Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 – Interest rate benchmark reform is expected to affect hedge accounting and therefore we are not expecting this to affect our accounts when this is implemented from 1st April 2021.

Critical Judgements in applying Accounting Policies

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

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

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

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

The Council has made judgements about what other provisions should be made in the accounts and the amounts to be set aside. The Council has included provisions where the Council has a commitment at the financial year end to incur expenditure. The amount of the provision is based on an estimate of the commitment incurred using the evidence available, which is then discounted.

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

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

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

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

The Council has made a judgement on the amount that needs to be set aside to repay past debt. This amount is known as the Minimum Revenue Provision (MRP) and is charged to the Movement in Reserves Statement. Depreciation is calculated on accounting principles, and is charged to the Comprehensive Income and Expenditure Statement but reversed and replaced by MRP charged to the Movement in Reserves Statement. MRP is calculated on regulatory principles according to the Council’s judgement of what is prudent.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The Council had Property, Plant and Equipment of £937.595m as at 31 March 2021. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether the Council will be able to maintain an adequate level of spend on repairs and maintenance, which could affect the useful lives of certain assets.	If the useful life of assets is for example reduced, depreciation increases and the carrying amount of the asset falls.
Pensions Liability	The Council had a pension liability of £1,255m at 31 March 2021. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Aon Hewitt Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% increase in the discount rate assumption would result in a decrease in the present value of the total defined benefit obligation for Local Government Pension Scheme (LGPS) funded benefits of £36.1m – a decrease from £3,447.9m to £3,411.8m.
Arrears	At 31 March 2021, the Council had a balance of debtors and prepayments of £156.671m, an increase of £39.716m compared to the 31 March 2020 figure of £119.065m. A review of significant balances suggested that a minimum impairment of debts of 15% was appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.
Leases	The Council had £1.021m of finance leases categorised within Property, Plant and Equipment as 31 March 2021. Operating leases are not shown in the Balance Sheet. Under IFRS, all leases must firstly be split into either finance or operating leases, and then into land and buildings. The Council has over 3,000 individual leases, most of which are for relatively small amounts. The Council does not have sufficient valuation staff to review all leases, and the resulting information would not justify the cost. The main assumptions which have been made are: **Split between finance and operating lease:** • A lease where the lease term is less than 75% of the economic life of the asset will be assumed to be an operating lease. • A lease where the real (i.e. present) value of the minimum lease payments is less than 80% of the asset value, is classed as an operating lease. There are approximately 300 equipment leases which have a value over £10,000 over the life of the lease which will be reviewed. Those under £10,000 will not be reviewed.	The effect of making an incorrect classification between finance and operating leases is not considered material. The effect of not undertaking a separation of land and buildings for all relevant leases is also not considered material. Many leases are for land only, for which assessment will be relatively easy.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair value measurements	When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable date, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine the fair value (for example for investment properties the Council's chief valuation officer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 9, 13 and 43.	The methods used to arrive at the fair value of surplus and investment properties are described in notes 10 and 13. They are based on observable data. The method used to measure the fair value of Investments is described in Note 43.

Note 4. Adjustments between accounting basis and funding basis under Regulations 2020-21

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.

2019-20					2020-21			
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	Capital Receipts & Deferred Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
				Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
33,027	-	-	(33,027)	Charges for depreciation and impairment of non current assets	33,681	-	-	(33,681)
17,271	-	-	(17,271)	Revaluation losses on property, plant and equipment	6,878	-	-	(6,878)
5,274	-	-	(5,274)	Movements in the market value of Investment Properties	7,943	-	-	(7,943)
254	-	-	(254)	Amortisation of intangible assets	143	-	-	(143)
(20,723)		-	20,723	Capital grants and contributions applied	(28,445)	-	-	28,445
7,683	-	(5,351)	(2,332)	Revenue expenditure funded from capital under statute (REFCUS)	7,666	-	(5,453)	(2,213)
31,457			(31,457)	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	16,502	-	-	(16,502)
-	-	-	-	Donated Assets	-	-	-	-
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
(18,914)	-	-	18,914	Statutory provision for the financing of capital investment	(24,435)	-	-	24,435
(3,796)	-	-	3,796	Capital expenditure charged against the General Fund	(4,897)	-	-	4,897
				Adjustments primarily involving the Capital Grants Unapplied Account:				
(2,067)	-	2,067	-	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(10,748)	-	10,748	-
-	-	(10,431)	10,431	Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(625)	625
				Adjustments primarily involving the Capital Receipts Reserve				
(3,253)	3,253	-	-	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,785)	5,077	-	(292)
-	(2,055)	-	2,055	Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,979)	-	2,979
-	-	-	-	Used for debt repayment	-	(2,097)	-	2,097
-	-	-	-	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	(1)	-	1
				Adjustments primarily involving the Deferred Capital Receipts Reserve:				
-	(1,198)	-	1,198	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
				Adjustments primarily involving the Financial Instruments Adjustment Account:				
(275)	-	-	275	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	(276)	-	-	276
				Adjustments primarily involving the Pensions Reserve:				
108,266	-	-	(108,266)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	109,607	-	-	(109,607)
(48,683)	-	-	48,683	Employer's pensions contributions and direct payments to pensioners payable in the year:	(48,123)	-	-	48,123
				Adjustments primarily involving the Collection Fund Adjustment Account:				
(68)	-	-	68	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	36,103	-	-	(36,103)
				Adjustment primarily involving the Accumulated Absences Account:				
134	-	-	(134)	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.	2,943	-	-	(2,943)
105,587	**-**	**(13,715)**	**(91,872)**	**Total Adjustments between accounting basis & funding basis under regulations**	**99,757**	**-**	**4,670**	**(104,427)**

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2019	Transfers Out	Transfers In	Balance at 31 March 2020	Transfers Out	Transfers In	Balance at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
General Fund							
General Fund Reserve	15,000	-	-	15,000			15,000
Schools Delegated Balances	27,276	-	4,646	31,922	(1,145)	11,153	41,930
Held by Council – Schools	-	-	-	-	(212)	1,145	933
A. Total General Fund Balance	**42,276**	**-**	**4,646**	**46,922**	**(1,357)**	**12,298**	**57,863**
Earmarked Reserves							
Reserves available to support future budget decisions	10,300	-	-	10,300	-	400	10,700
Earmarked Reserves							
Transitional and Risk	16,759	(7,593)	3,777	12,943	(2,128)	4,218	15,033
Exempt VAT	2,000	-	-	2,000	-	1,000	3,000
Producer City Initiative	157	-	-	157	-	-	157
PFI - Contracts	490	-	-	490	-	-	490
Employment Opportunities Fund	241	(241)	328	328	-	1,587	1,915
Trade Waste VAT Refund	103	(103)	-	-	-	-	-
Insurance	1,775	-	-	1,775	(1,775)	-	-
Insurance Risk	1,893	-	-	1,893	-	-	1,893
Industrial Centres of Excellence	1	(1)	-	-	-	-	-
Regional Growth Fund	4,222	(481)	-	3,741	(106)	-	3,635
Better Use of Budgets	789	(789)	-	-	-	5,166	5,166
Regional Revolving Investment Fund	625	-	-	625	-	-	625
Discretionary Social Fund	1,622	(127)	-	1,495	(98)	-	1,397
Single Status	23	(23)	-	-	-	-	-
Health Integration	222	(222)	-	-	-	-	-
Match Fund Basic Needs Grant	700	-	-	700	-	-	700
Dilapidation & Demolition	1,388	(442)	-	946	(179)	1,000	1,767
Strategic Site Assembly & Develop	698	(200)	111	609	(300)	-	309
Redundancy Reserve	5,430	(734)	-	4,696	-	-	4,696
Implementation Reserve	2,557	(1,449)	-	1,108	(259)	655	1,504
Review of Council's MRP Policy	10	(10)	-	-	-	-	-
Review of Council's Pension Guarantees	4	(4)	-	-	-	-	-
NDR Volatility Reserve	2,735	-	-	2,735	(1,000)	-	1,735
Council Tax Reserve	575	-	-	575	-	-	575
Leeds City Region WYTF	421	-	-	421	-	-	421
Leeds City Region Economic Development	402	-	-	402	-	-	402
Finance Works Reserve	56	-	38	94	-	-	94
Markets Compensation	360	(112)	400	648	(325)	400	723
Financing Reserve 2019/20	1,000	-	-	1,000	-	-	1,000
ICT Programmes Budget	-	(1,818)	4,951	3,133	(1,709)	-	1,424
Children Services Investment Fund	-	-	1,039	1,039	(694)	400	745
S31 Business Rate Grants & TIG Reserve	-	-	16,854	16,854	(16,854)	34,995	34,995
Covid 19 funding allocation Reserve	-	(2,746)	15,757	13,011	(21,089)	30,227	22,149
Project Feasibility Reserve	-	-	-	-	-	2,000	2,000
Indexation Pressures Reserves	-	-	-	-	(1,295)	1,431	136
CT Hardship Reserves	-	-	-	-	-	99	99
Financing Reserve	47,401	-	5,172	52,573	-	-	52,573
	94,659	(17,095)	48,427	125,991	(47,811)	83,178	161,358
Reserves for capital investment							
Markets	390	(288)	-	102	(309)	300	93
Renewal and Replacement	5,137	-	-	5,137	-	-	5,137
	5,527	(288)	-	5,239	(309)	300	5,230
Service Earmarked Reserves							
PFI - BSF Unitary Charge	13,599	-	1,557	15,156	-	966	16,122
Supporting People	754	(690)	-	64	-	-	64
Integrated Health and Social Care	838	(290)	1,500	2,048	(100)	6,283	8,231
Community Support and Innovation Fund	322	(20)	-	302	(23)	-	279
Other	21,911	(9,032)	2,893	15,772	(4,170)	3,266	14,868
	37,424	(10,032)	5,950	33,342	(4,293)	10,515	39,564
Revenue Grant Reserves	18,636	(7,177)	5,701	17,160	(4,112)	11,151	24,199
HRA Reserve	-	-	-	-	-	503	503
B Total Earmarked Reserves	**166,546**	**(34,592)**	**60,078**	**192,032**	**(56,525)**	**106,047**	**241,554**
C Capital Grants Unapplied	47,345	(15,782)	2,067	33,630	(6,078)	10,748	38,300
D Capital Receipts Reserve	-	(2,056)	2,056	-	(5,077)	5,077	-
E Total Other Usable Reserves	**47,345**	**(17,838)**	**4,123**	**33,630**	**(11,155)**	**15,825**	**38,300**
Total Usable Reserves	**256,167**	**(52,430)**	**68,847**	**272,584**	**(69,037)**	**134,170**	**337,717**

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 (£57.9m)

A net £57.863m balance has been carried forward to 2021-22 (£46.9m at 31 March 2019). This includes £42.9m carried forward for schools under delegated budgets.

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

b) Earmarked Reserves (£241.6m)

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

At 31 March 2021 the Council has available £10.7m of unallocated corporate reserves. In 2020-21 the overall level of earmarked reserves increased by a net £49.5m from £192m at 31 March 2020 to £241.6m at 31 March 2021.

c) Capital Grants Unapplied Reserve (£38.3m)

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

d) Capital Receipts Reserve (£0m)

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

Authorities are required to pay 75% of their housing capital receipts into a national pool. The Council was required to pay £1k to the pool in 2020-21 (£1k in 2019-20). 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.

2019-20 £000	Capital Receipts Reserve	2020-21 £000
-	**Balance at 1 April**	-
	Usable receipts in the year	
2,055	Disposal of assets	4,785
1	Other capital receipts	292
(1)	Appropriation to (–) from Revenue Account re pooled housing receipts	(1)
(2,055)	Used to finance capital spending	(2,979)
-	Used for debt repayment	(2,097)
-	**Balance at 31 March**	-

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

Note 6. Exceptional Items

There were no exceptional items in 2020-21 or 2019-20.

Note 7. Post Balance Sheet Events

Since 1 April one school has transferred to Academy status and the long term leases has been completed for the one Academy School that was on the Council Balance Sheet. The school assets have an estimated value of £17.1m at 31 March 2021 and will be removed from the Balance Sheet in 2021-22.

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

2019-20 £000	Other Operating expenditure	2020-21
2,205	Parish Council Precepts	2,544
1	Payments to the Government Housing Capital Receipts Pool	1
28,154	Losses on the disposal of non-current assets	11,764
30,360	**Total**	**14,309**

a) Financing and Investment Income and Expenditure

2019-20 £000	Financing and Investment Income and Expenditure	2020-21 £000
34,168	Interest payable and similar charges (see table b2 below)	33,629
23,587	Net Interest on the Pension net defined benefit liability/(asset)	23,513
(639)	Interest receivable and other income	(260)
2,840	Income and expenditure in relation to investment properties and changes in their fair value	6,202
(655)	Other investment income	(751)
3,345	Net Deficit/surplus on Trading Accounts	4,844
62,646	**Total**	**67,177**

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

2019-20 £000	Interest Payable and Similar Charges	2020-21 £000
	External interest charges	
15,351	Public Works Loans Board	14,737
17,010	Interest on PFI and finance lease rentals	17,118
1,546	Lender Option Borrower Option (LOBO's)	1,549
220	Transferred debt	210
41	Interest on short term borrowing	15
34,168	**Total**	**33,629**

d)Taxation and Non- Specific Grant Income

2019-20 £000	Taxation and Non-Specific Grant Income	2020-21 £000
(197,260)	Council Tax income	(203,629)
(96,546)	Non domestic rates	(36,255)
(127,228)	Non-ringfenced government grants (see below)	(201,231)
(22,790)	Capital grants and contributions	(39,194)
-	Donated Assets Funding	-
(443,824)	**Total**	**(480,309)**

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 Account. In 2020-21 the Council received the following:

e) Government Grants

2019-20 £000	Government grants (not attributable to specific services)	2020-21 £000
-	Revenue Support Grant	(34,609)
(67,061)	Top Up Grant	(69,269)
(839)	Local Services Support Grant	(852)
(4,887)	New Homes Bonus Grant	(4,118)
(38,684)	Section 31 Grant, mainly relating to Business Rates and National Levy surplus	(27,853)
(15,757)	Covid 19 Support Grant	(38,563)
-	Income Compensation Scheme	(12,973)
-	Council Tax Hardship Grant	(5,852)
-	75% Tax Income Guarantee Compensation	(7,142)
(127,228)	**Total**	**(201,231)**

Note 9. Property, Plant and Equipment: Movements on Balances in 2020-21

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure assets	Community Assets	Surplus Assets	Assets Under Construction	**Total Property, Plant & Equipment**	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	**£000**	£000
Cost or Valuation									
At 1 April 2020	**36,274**	**611,701**	**50,085**	**380,076**	**54,278**	**13,034**	**13,223**	**1,158,671**	**48,325**
Additions	189	13,332	8,422	18,452	78	885	7,930	**49,288**	219
Revaluation in the Rev. Reserve	-	6,510	-	-	(75)	(1,208)	-	**5,227**	-
Revaluation. in Surplus/Deficit on the Provision of Services	(3,716)	(6,588)	-	-	(6)	(299)	-	**(10,609)**	-
Derecognition – disposals	-	(14,188)	(3,219)	-	-	(237)	-	**(17,644)**	-
Derecognition - other	-	-	-	-	-	-	-	**-**	-
Assets reclassified (to)/ from Held for Sale	-	(53)	-	-	-	(774)	-	**(827)**	-
Reclassifications	-	(1,862)	-	-	5	1,865	-	**8**	-
Other movements in cost or valuation	-	-	-	-	-	-	-	**-**	-
At 31 March 2021	**32,747**	**608,852**	**55,288**	**398,528**	**54,280**	**13,266**	**21,153**	**1,184,114**	**48,544**
At 1 April 2020	**-**	**(44,875)**	**(29,585)**	**(147,990)**	**-**	**(394)**	**-**	**(222,844)**	**(1,823)**
Depreciation charge	(605)	(14,820)	(5,564)	(12,627)		(65)	-	**(33,681)**	(1,027)
Depreciation w/o Revaluation Reserve	-	1,185	-	-	-	249	-	**1,434**	-
Depreciation w/o to the Surplus/Deficit on the Provision of Services	-	3,654	-	-	-	77	-	**3,731**	-
Impairment losses/ (reversals) in the Revaluation Reserve	-	-	-	-	-	-	-	**-**	-
Impairment in Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	**-**	-
Derecognition – disposals	-	1,701	3,132	-	-	-	-	**4,833**	-
Derecognition – other	-	-	-	-	-	-	-	**-**	-
Reclassifications – Other	-	281	-	-	(1)	(272)	-	**8**	-
Other movements in depreciation & impairment								**-**	-
At 31 March 2021	**(605)**	**(52,874)**	**(32,017)**	**(160,617)**	**(1)**	**(405)**	**-**	**(246,519)**	**(2,850)**
At 31 March 2020 – Net Book Value	**36,274**	**566,826**	**20,500**	**232,086**	**54,278**	**12,640**	**13,223**	**935,827**	**46,502**
At 31 March 2021 – Net Book Value	**32,142**	**555,978**	**23,271**	**237,911**	**54,279**	**12,861**	**21,153**	**937,595**	**45,694**

Comparative Movements in 2019-20

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure assets	Community Assets	Surplus Assets	Assets Under Construction	**Total Property, Plant & Equipment**	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	**£000**	£000
Cost or Valuation									
At 1 April 2019	**25,005**	**634,248**	**46,143**	**358,312**	**54,211**	**17,296**	**32,203**	**1,167,418**	**48,211**
Additions	587	10,573	6,075	21,764	82	897	17,412	**57,390**	114
Revaluation in the Rev. Reserve	35	1,544	-	-	225	(1,262)	-	**542**	-
Revaluation. in Surplus/Deficit on the Provision of Services	(2,946)	(24,234)	-	-	45	(946)	-	**(28,081)**	-
Derecognition – disposals	-	(33,158)	(2,133)	-	-	(509)	-	**(35,800)**	-
Derecognition - other	-	-	-	-	-	-	-	**-**	-
Assets reclassified (to)/ from Held for Sale	-	-	-	-	(285)	(2,505)	-	**(2,790)**	-
Reclassifications	13,593	22,728	-	-	-	63	(36,392)	**(8)**	-
Other movements in cost or valuation	-	-	-	-	-	-	-	**-**	-
At 31 March 2020	**36,274**	**611,701**	**50,085**	**380,076**	**54,278**	**13,034**	**13,223**	**1,158,671**	**48,325**
At 1 April 2019	**(385)**	**(45,674)**	**(26,695)**	**(135,639)**	**-**	**(300)**	**-**	**(208,693)**	**(803)**
Depreciation charge	(412)	(15,155)	(5,008)	(11,916)	-	(101)	-	**(32,592)**	(1,020)
Depreciation w/o Revaluation Reserve	-	2,951	-	-	-	32	-	**2,983**	-
Depreciation w/o to the Surplus/Deficit on the Provision of Services	797	9,982	-	-	-	97	-	**10,876**	-
Impairment losses/ (reversals) in the Revaluation Reserve	-	-	-	-	-	-	-	**-**	-
Impairment in Surplus/Deficit on the Provision of Services	-	-	-	(435)	-	-	-	**(435)**	-
Derecognition – disposals	-	2,757	2,118	-	-	6	-	**4,881**	-
Derecognition – other	-	-	-	-	-	-	-	**-**	-
Reclassifications – Other	-	264	-	-	-	(128)	-	**136**	-
Other movements in depreciation & impairment	-	-	-	-	-	-	-	**-**	-
At 31 March 2020	**-**	**(44,875)**	**(29,585)**	**(147,990)**	**-**	**(394)**	**-**	**(222,844)**	**(1,823)**
At 31 March 2019 – Net Book Value	**24,620**	**588,574**	**19,448**	**222,673**	**54,211**	**16,996**	**32,203**	**958,725**	**47,408**
At 31 March 2020 – Net Book Value	**36,274**	**566,826**	**20,500**	**232,086**	**54,278**	**12,640**	**13,223**	**935,827**	**46,502**

Note 10. Valuations

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

Valuations were completed during the period 1st April 2020 to 30th April 2021. Assets reviewed as part of the 5-year plan were valued as at the 1st April 2020, with the exception of assets that had significant spend in year which were valued with effect from 31st March 2021.

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

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

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	-	12	23,271	491	237,911	20,440	21,153	303,278
Held at Valuation Value in:								
2016/17	-	26,247	-	1,374	-	1,446	-	29,067
2017/18	-	34,948	-	2,186	-	25,407	-	62,541
2018/19	-	289,729	-	1,363	-	4,958	-	296,050
2019/20	25,811	124,296	-	3,786	-	994	-	154,887
2020/21	6,331	80,746	-	3,661	-	1,034	-	91,772
Total	**32,142**	**555,978**	**23,271**	**12,861**	**237,911**	**54,279**	**21,153**	**937,595**

Fair value measurement of surplus assets

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

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

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

Note 11. Capital Commitments and Obligations Under Long Term Contracts

a) Capital Commitments

The Council has an approved capital investment plan for the period 2020-21. At 31 March 2021 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019-20 and future years budgeted to cost £17.222m. Similar commitments at 31 March 2020 were £13.594m. The major commitments (over £0.250m) are:

Capital Commitments	2019-20 £'000	2020-21 £'000
Primary Schools Expansion Programme	399	-
Secondary Schools Expansion Programme	1,796	-
SEN Expansion	-	912
Silsden Primary School	8,541	3,624
New Affordable Housing – (Braithwaite Road)	283	-
Wyke Sports Hub	-	4,430
Lister Park Playable Spaces	-	600
Vehicle Replacement	5,148	-
Ilkley Lido	325	-
Bereavement Project	730	1,653
Coroners Court	-	2,278
WYCA Taxi EV charge point project	-	265
WY+TF - Bradford to Shipley Corridor	-	1,329
Smart Street Lighting	-	1,682
Clean Air Zone	-	400
Total	**17,222**	**17,173**

b) Obligations Under Long-Term Contracts

There was no long term obligation at 31 March 2021.

Note 12. Heritage Assets

Tangible Heritage Assets

	Museum collection	Civic regalia	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or valuation				
1 April 2019	35,213	1,732	113	37,058
Additions				
Revaluation increases / (decreases) recognised in the revaluation reserve	355	-	-	355
31 March 2020	**35,568**	**1,732**	**113**	**37,413**
Cost or valuation				
1 April 2020	35,568	1,732	113	37,413
Additions				
Revaluation increases / (decreases) recognised in the revaluation reserve	285	-	-	285
31 March 2021	**35,853**	**1,732**	**113**	**37,698**

The Council held £37.7m heritage assets on its Balance Sheet as at 31 March 2021.

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

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

Museum Collection – items on the Balance Sheet

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

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

In 2012-13 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Christies. For those items reviewed by Christies they have been included on the Balance Sheet based on auction values (lower range). In 2014-15 and 2015-16 further items in the collection were reviewed by external valuers resulting in revaluation increases of £2,861,000 and £88,000. In 2016-17 two paintings and two cannons were reviewed by external valuers which resulted in a revaluation increase of £85,000. During 2017-18 three paintings were reviewed by Christies and this resulted in a revaluation increase of £160,000. In addition, four paintings already included on the Balance Sheet have a revaluation increase of £31,000. In 2019-20 there were six new valuations by external valuers resulting in a revaluation increase of £260,000. In addition, four paintings already included on the Balance Sheet have a revaluation increase of £95,000.

During 2020-21 there have been three new valuations by external valuers resulting in a revaluation increase of £155,000. In addition, four paintings already included on the Balance Sheet have a revaluation increase of £130,000 following review by external valuers Christies.

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

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

Museum exhibits and works of art – overall collections

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

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

Statues and external works of art

The Council 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 2020-21 or 2019-20.

Additions of Heritage Assets

There have been no significant purchases of heritage assets in 2020-21 but there have been some additions to the museum collections in the last two years. Individually these have not been thought significant so there is no separate valuation included in the Balance Sheet for purchased items.

Note 13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For example, the net gain of £1.683m (see below Analysis of Rental Income and Management Costs of Investments), less the decrease of £7.943m on fair value (see below reconciliation of Movements on Investments), add the gain on disposal of £0.058m comprise the £6.202m charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 412.

2019-20 £000		2020-21 £000
(2,744)	Rental income from investment property	(2,427)
(108)	Other income (service and other charges)	(96)
	Direct operating expenses:	
95	Repairs & maintenance	161
274	Management expenses	679
(2,483)	**Net (gain)**	**(1,683)**

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

2019-20 £000	Reconciliation of Movements on Investments	2020-21 £000
53,592	**Balance at 1 April**	**54,580**
6,555	Additions	33
(165)	Disposals	(561)
(5,274)	Net gains/losses(-) from fair value adjustments	(7,943)
	Transfers	
(128)	To/from Property, Plant and Equipment	(7)
54,580	**Balance at 31 March**	**46,102**

Investment Property has been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Asset Management Service, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Properties are not depreciated, the fair value of the Council's investment property is considered annually at each reporting date. 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 14. Intangible Assets

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

All software is given a useful life, based on the assessments of the period that the software is expected to be of use to the Council. All of the Council's software has an estimated useful life of between five and ten years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.254m charged to revenue in 2019-20 (£0.24m in 2018-19) was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2019-20 **£000**	**2020-21** **£000**
Balance at 1 April each year		
• Gross carrying amounts	20,144	20,325
• Accumulated amortisation	(19,714)	(19,946)
Net carrying amount at start of year	**430**	**379**
Additions :		
• Purchases	218	10
Other disposals	(15)	-
Amortisation for the period	(254)	(143)
Net carrying amount at end of year	**379**	**246**
Comprising :		
• Gross carrying amounts	20,325	19,702
• Accumulated amortisation	(19,946)	(19,456)

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

Note 15. Long Term Investment

The Council's long term investment at 31 March 2021 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2021 £1,000).

Integrated Bradford LEP Ltd – Company no. 5797774
In December 2006, the Council took a £1,000, (10%) interest in the Local Education Partnership, Integrated Bradford LEP Limited. The company has been set up to deliver the capital investment programme in Bradford secondary schools funded through the government initiative Building Schools for the Future.

Note 16. 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.

31 March 2020 £000	Analysis of Long Term Debtors	31 March 2021 £000
	Former Council house tenants	
	Other local authorities re joint services	
	Collection Fund	527
456	Car loans	446
241	Building Schools for the Future Ltd	227
481	Loans to organisations	479
4	Housing Advances	4
210	Balance owing on sale of assets on finance lease(s)	210
532	Other	532
1,924	**Total**	**2,425**

Note 17. Current Assets and Current Liabilities

31 March 2020 £000	Inventories	31 March 2021 £000
-	Personal Protective Equipment	3,458
2,270	Other	2,296
2,270	**Total**	**5,754**

Short term Debtors and Payments in Advance

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

31 March 2020 £000	Analysis of Debtors and Payments in Advance	31 March 2021 £000
	Amounts falling due within one year	
8,663	Central Government bodies	50,650
19,716	Other local authorities	6,801
2,406	NHS bodies	11,851
694	Public corporations and trading funds	651
78,824	Other entities and individuals	80,159
8,763	General payments in advance	6,559
119,066	**Total**	**156,671**
	Less Impairments	
17,426	Collection Fund	19,805
10,911	Other	9,205
90,729	**Net Total**	**127,661**

The net debtors have increased from a total of £90.729m at 31 March 2020 to £127.661m at 31 March 2021, an increase of £36.932m.

Short Term Investments

The Council has short term investments of £80.004m; see Balance Sheet (£19.050m 2019-20). This is invested with banks and building societies.

Cash and Cash Equivalents

At any point in time the cash flow of the Council can result in temporary cash balances which are put into short-term investments. At the 31 March 2021, £14.0m was invested in short term deposits, banks and building societies (£53.8m at 31 March 2020)

31 March 2020 £000		31 March 2021 £000
47	Cash held by the Council	590
42,517	Bank accounts	67,981
53,800	Short term deposits with building societies and banks	14,000
96,364	**Total Cash and Cash Equivalents**	**82,571**
(5,696)	Cash and Cash Equivalents Overdrawn	(3,413)
90,668	**Total net Cash and Cash Equivalents**	**79,158**

The Council also has short term borrowings of £8,964m (£15.312m 2019-20).

Creditors and Receipts in Advance

31 March 2020 £000	Analysis of Creditors and Receipts in Advance	31 March 2021 £000
	Amounts falling due within one year	
(18,251)	Central Government bodies	(70,920)
(1,146)	Other local authorities	(975)
(3,562)	NHS bodies	(1,537)
(6,468)	Public corporations and trading funds	(509)
(57,333)	Other entities and individuals	(71,916)
(86,760)	**Total**	**(145,857)**
	Receipts in advance	
(12,755)	Sundry	(35,594)
(5,199)	Developer's contributions	(4,420)
(17,954)	**Total**	**(40,014)**
(104,714)	**Total Creditors and Receipts in Advance**	**(185,871)**

Note 18. Assets held for sale

Current Assets held for sale

	2019-20 £000	2020-21 £000
Balance outstanding at start of year	**170**	**2,536**
Additions	-	-
Assets newly classified as held for sale:	2,790	819
- Property, Plant and Equipment		
Revaluation losses	(66)	-
Assets declassified:		
- Property, Plant and Equipment	-	-
Assets sold	(358)	(3,130)
Balance outstanding at year end	**2,536**	**225**

Note 19. Provisions

The provisions totals of £15.788m at 31 March 2021 and £24.568m at 31 March 2020 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, £5.188m at 31 March 2021 (£6.703m at 31 March 2020). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £10.600m at 31 March 2021 (£17.865m at 31 March 2020).

	Termination	Redundancy Provision	Personal Search fees	MMI Scheme of Arrangement	Outstanding legal cases	Injury and Damage Compensation Claims	Business Rate Appeals	**Total**
	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 31 March 2019	**1,093**	**341**	**93**	**1,307**	**3,298**	**2,840**	**20,368**	**29,340**
Additional provisions made in 2019-20	733	-	-	-	922	3,078	-	**4,733**
Amounts used in 2019-20	(1,481)	(341)	-	-	(286)	(1,281)	(747)	**(4,136)**
Unused amounts reversed in 2019-20	-	-	-	(274)	(913)	(1,035)	(3,147)	**(5,369)**
Balance at 31 March 2020	**345**	**-**	**93**	**1,033**	**3,021**	**3,602**	**16,474**	**24,568**
Additional provisions made in 2020-21	-	-	-	-	2,487	2,961	-	**5,448**
Amounts used in 2020-21	(289)	-	-	-	(1,212)	(929)	-	**(2,430)**
Unused amounts reversed in 2020-21	-	-	-	(147)	(676)	(2,613)	(8,362)	**(11,798)**
Balance at 31 March 2021	**56**	**-**	**93**	**886**	**3,620**	**3,021**	**8,112**	**15,788**
								-
Short-Term	56	-	93	-	1,546	1,370	2,123	**5,188**
Long-Term	-	-	-	886	2,074	1,651	5,989	**10,600**
Balance at 31 March 2021	56	-	93	886	3,620	3,021	8,112	**15,788**

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

Termination (£0.056m) – for planned future redundancy costs arising from the detailed saving proposals approved as part of the 2020-21 Budget. No new redundancies were budgeted as part of savings plans for 2021-22.

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

MMI scheme of arrangement provision (£0.886m) – 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 (£3.620m and £3.021m) – 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:

2019-20 £000	**Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)**	**2020-21 £000**
-	Property	12
406	Other	9
5,996	Liability	6,295
220	Motor	325
6,622	**Total**	**6,641**

Business Rates Appeals (£8.112m) – 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 20. Unusable Reserves

2019-20 £000		2020-21 £000
174,538	(a) Revaluation Reserve	175,350
146,601	(b) Capital Adjustment Account	148,854
(5,684)	(c) Financial Instruments Adjustment Account	(5,408)
(1,046,169)	(d) Pensions reserve	(1,254,620)
1,453	(e) Deferred capital receipts reserve	1,161
1,222	(f) Collection Fund Adjustment Account	(34,881)
(10,241)	(g) Accumulated Absences Account	(13,184)
(738,280)	**Total Unusable Reserves**	**(982,728)**

a) Revaluation Reserve

The Revaluation Reserve is a store of changes to the measurable value of assets compared to the cost of acquiring them. In 2020-21, the Reserve has increased from £174.5m to £175.4m, an increase of £0.8m.

2019-20 £000		2020-21 £000
183,996	**Balance at 1 April**	**174,538**
12,040	Upward revaluation of assets	12,121
(8,160)	Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	(5,175)
-	Impairments not charged to the Surplus or deficit on the Provision of Services	-
3,880	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**6,946**
(3,617)	Difference between fair value depreciation and historical cost depreciation	(3,161)
(9,721)	Accumulated gains on assets sold or scrapped	(2,973)
(13,338)	**Amount written off to the Capital Adjustment Account**	**(6,134)**
174,538	**Balance at 31 March**	**175,350**

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.

2019-20 £000		2020-21 £000
166,960	**Balance at 1 April**	**146,601**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(33,027)	- Charges for depreciation and impairment of non-current assets	(33,681)
(17,271)	- Revaluation losses on Property, Plant and Equipment	(6,878)
(254)	- Amortisation of Intangible Assets	(143)
(2,332)	- Revenue expenditure funded from capital under statute (REFCUS)	(2,213)
(31,457)	- 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	(16,502)
13,338	- Adjusting amounts written out of the Revaluation Reserve	6,134
	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year :	
2,055	- Use of the Capital Receipts Reserve to finance new capital expenditure	2,980
	- Use of Capital Receipts Reserve to pay debt	2,097
18,667	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	26,533
10,431	- Application of grants to capital financing from the Capital Grants Unapplied Account	625
2,056	- Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	1,912

-	- Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-
18,913	- Statutory provision for the financing of capital investment charged against the General Fund	24,435
3,796	- Capital expenditure charged against the General Fund balance	4,897
(5,274)	- Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(7,943)
146,601	**Balance at 31 March**	**148,854**

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.

2019-20		**2020-21**
£000		**£000**
(5,958)	**Balance at 1 April**	**(5,684)**
	Premiums incurred in year	
256	Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	257
18	Removal of Effective Interest Rate on stepped interest loans	19
274	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	**276**
(5,684)	**Balance at 31 March**	**(5,408)**

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 26 for full explanation.

2019-20		**2020-21**
£000		**£000**
(1,006,971)	**Balance at 1 April**	**(1,046,169)**
20,385	Remeasurement of net defined benefit liability	(146,967)
(108,266)	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	(109,607)
48,683	Employer's pensions contributions and direct payments to pensioners payable in the year	48,123
(1,046,169)*	**Balance at 31 March**	**(1,254,620)**

*Figure corrected to cast correctly

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.

2019-20		**2020-21**
£000		**£000**
256	**Balance at 1 April**	**1,453**
1,198	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	-
(1)	Transfer to the Capital Receipts Reserve upon receipt of cash	(292)
1,453	**Balance at 31 March**	**1,161**

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.

2019-20 £000		2020-21 £000
1,153	**Balance at 1 April**	**1,222**
69	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	(36,103)
1,222	**Balance at 31 March**	**(34,881)**

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.

2019-20 £000		2020-21 £000
(10,108)	**Balance at 1 April**	**(10,241)**
10,108	Settlement or cancellation of the accrual made at the end of the preceding year	10,241
(10,241)	Amounts accrued at the end of the current year	(13,184)
(133)	**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**.	**(2,943)**
(10,241)	**Balance at 31 March**	**(13,184)**

Note 21. Cash Flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

2019-20		2020-21
£000		**£000**
602	Interest Received	310
(34,168)	Interest paid	(33,692)
627	Dividends Received	751

b) Investing Activities

The cash flows for investing activities include the following items:

2020-21		2021-22
£000		**£000**
(62,302)	Purchase of property, plant and equipment, investment property and intangible assets	(49,193)
(19,315)	Purchase of short term and long term investments	(172,199)
-	Other payments for investing activities	-
2,055	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,077
29,454	Proceeds from short term and long term investments	111,193
26,553	Other receipts from investing activities	51,284
(23,555)	**Net cash flows from investing activities**	**(53,838)**

c) Financing Activities

The cash flows for financing activities include the following items:

2019-20		2020-21
£000		**£000**
139,200	Cash receipts of short and long term borrowing	19,999
5,709	Other receipts from financing activities	-
4,516	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(8,116)
(105,332)	Repayments of short and long term borrowing	(31,979)
768	Other payments for financing activities	(32,296)
44,861	**Net cash flows from financing activities**	**(52,392)**

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

2019-20	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow	2020-21
£000		£000
(75,455)	**Net deficit (-) / surplus for year on the Comprehensive Income and Expenditure Account**	**(39,294)**
	Add back non cash items:	
32,592	Depreciation & impairment	33,681
17,709	Impairment, revaluation gains and losses	6,878
254	Amortisation	143
59,583	IAS19 Pension adjustments	61,484
-	Donated Assets non-cash funding	-
	Items on accruals basis:	
28	(Increase) / decrease in inventories	(3,484)
(1,418)	(Increase) / decrease in amounts due from Council (debtors)	(16,113)
(11,300)	Increase / (decrease) in amounts due to Council (creditors)	86,667
30,259	Carrying amount of disposals	16,502
(4,771)	Movement in provisions	(8,780)
5,274	Other non-cash items charged to the net surplus or deficit on the provision of services	7,924
128,210	Removal of non-cash items included in Deficit/Surplus on Provision of services	**184,902**
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
(22,790)	Capital Grants credited to surplus or deficit on the provision of services	(46,103)
(2,055)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,785)
(24,845)	**Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities**	**(50,888)**
27,910	**Operating activities - net cash flow**	**94,720**

e) Reconciliation of Liabilities Arising from Financing Activities

	1 April 2020	Financing cash flows	Acquisition and other non financing cash flows	Other non cash changes	31 March 2021
	£000	£000	£000	£000	£000
Long-term borrowings	336,061	(5,530	-	-	330,531
Short-term borrowings	15,312	(6,285)	(3,496)	3,433	8,964
Lease Liabilities	1,209	(375)	-	97	931
On balance sheet PFI Liabilities	161,740	(7,741)	-		153,999
Transferred debt	3,967	(163)	-	6	3,810
Amounts owed to/from Collection Fund preceptors	3,544	(32,297)	-	-	(28,753)
Total Liabilities from financing activities	**521,833**	**(52,391)**	**(3,496)**	**3,536**	**469,482**

Note 22. 2020-21 Expenditure Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Council (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. The analysis also shows how this expenditure is allocated for decision making purposed between the Council's Services. A more detailed breakdown of the adjustments between funding and accounting basis, called Analysis of Accounting Changes, is shown below:

	Net expenditure for 2020-21 Outturn Statement £000	Reclassification for the CIES £000	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
	A	B	C = A + B	D	E = C + D
Health and Wellbeing	115,096	5,667	120,763	(8,229)	**112,534**
Children's Services	95,684	7,385	103,070	(34,072)	**68,997**
Department of Place	106,609	17,777	124,386	(39,553)	**84,833**
Chief Executive	4,617	797	5,414	(592)	**4,822**
Corporate Resources	53,798	778	54,576	(7,606)	**46,969**
Non Service Budgets	(20,044)	29,021	8,977	2,988	**11,965**
Central Budgets	22,331	(1,399)	20,932	-	**20,932**
Net Cost of Services	**378,091**	**60,026**	**438,117**	**(87,064)**	**351,052**
Other Operating Expenditure	-	14,309	14,309	(11,764)	**2,545**
Financing and Investment income and expenditure	-	67,178	67,178	(33,626)	**33,552**
Taxation and non-specific grant income	(378,091)	(102,218)	(480,309)	3,091	**(477,218)**
Earmarked Reserves	-	-	-	49,522	**49,522**
Increase in School Delegated Balances	-	-	-	10,941	**10,941**
Statutory Provision for the financing of capital	-	-	-	24,435	**24,435**
Capital Expenditure charged against the General	-	-	-	4,897	**4,897**
Financial Instruments Adjustment Account	-	-	-	275	**275**
Surplus (-)/Deficit on Provision of Services				**(39,293)**	**(0)**
General Fund Balance brought forward					15,000
General Fund Balance carried forward					15,000

2019-20 Expenditure Funding Analysis

The Expenditure and Funding Analysis for 31 March 2020 is as follows:

	Net expenditure for 2019-20 Outturn Statement £000	Reclassification for the CIES £000	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
	A	B	C = A + B	D	E = C + D
Health and Wellbeing	119,256	(884)	118,372	(8,740)	109,632
Children's Services	110,717	(3,247)	107,470	(29,617)	77,853
Department of Place	113,931	(1,338)	112,593	(44,919)	67,674
Revenues & Benefits	3,687	272	3,959	(1,494)	2,465
Chief Executive	4,760	1	4,761	(611)	4,150
Corporate Resources (Excluding Revenues and Benefits)	51,711	172	51,883	(12,225)	39,658
Non Service Budgets	8,302	(5,040)	3,262	3,253	6,515
Central Budget & Net Transfers to Reserves	(51,696)	75,668	23,972	4	23,976
Net Cost of Services	**360,668**	**65,604**	**426,272**	**(94,349)**	**331,923**
Other Operating Expenditure	-	30,359	30,359	(28,154)	2,205
Financing and Investment income and expenditure	-	62,648	62,648	(28,928)	33,720
Taxation and non-specific grant income	(360,668)	(83,156)	(443,824)	22,860	(420,964)
Earmarked Reserves	-	-	-	25,486	25,486
Increase in School Delegated Balances	-	-	-	4,646	4,646
Statutory Provision for the financing of capital investment	-	-	-	18,914	18,914
Capital Expenditure charged against the General Fund	-	-	-	3,795	3,795
Financial Instruments Adjustment Account	-	-	-	275	275
Surplus (-)/Deficit on Provision of Services				**(75,455)**	**-**
General Fund Balance brought forward					15,000
General Fund Balance carried forward					15,000

2020-21 Analysis of Accounting Adjustments

	Earmarked Reserves £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other differences (Employee Accrual) £000	Other differences (Collection Fund & £000	Total adjustments £000
Health and Wellbeing	-	1,657	5,992	580	-	8,229
Childrens Services	-	15,863	17,480	729	-	34,072
Department of Place	-	29,395	9,299	859	-	39,553
Chief Executive	-	-	540	52	-	592
Corporate Resources	-	1,336	5,736	534	-	7,606
Non Service	-	1	(2,992)	2	-	(2,989)
Central Budget & Net Transfers to Reserves	-	-	-	-	-	-
Net Cost of Services	**-**	**48,252**	**36,055**	**2,756**	**-**	**87,063**
Other Operating Expenditure	-	11,764	-	-	-	11,764
Financing and Investment income and expenditure	-	8,010	25,430	186	-	33,626
Taxation and non-specific grant income	-	(39,194)	-	-	36,103	(3,091)
Earmarked Reserves	(49,522)	-	-	-	-	(49,522)
Increase in School Delegated Balances	(10,941)	-	-	-	-	(10,941)
Minimum Revenue Provision	-	(24,435)	-	-	-	(24,435)
Direct Revenue Financing	-	(4,897)	-	-	-	(4,897)
Financial Instrument Adjustment Account	-	-	-	-	(275)	(275)
Total Adjustments between accounting basis & funding basis under regulations	**(60,463)**	**(500)**	**61,485**	**2,941**	**35,828**	**39,293**

2019-20 Analysis of Accounting Adjustments

	Earmarked Reserves £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other differences (Employee Accrual) £000	Other differences (Collection Fund & Financial Instruments) £000	Total adjustments £000
Health and Wellbeing	-	2,526	6,199	14	-	8,739
Childrens Services	-	16,187	13,241	188	-	29,616
Department of Place	-	34,078	10,868	(27)	-	44,919
Revenues & Benefits	-	34	1,472	(12)	-	1,494
Chief Executive	-	-	601	10	-	611
Corporate Resources (Excluding Revenues and Benefits)	-	5,393	6,866	(34)	-	12,225
Non Service	-	1	(3,252)	(1)	-	(3,252)
Central Budget & Net Transfers to Reserves	-	-	-	(4)	-	(4)
Net Cost of Services	**-**	**58,219**	**35,995**	**134**	**-**	**94,348**
Other Operating Expenditure	-	28,154	-	-	-	28,154
Financing and Investment income and expenditure	-	5,339	23,587	-	-	28,926
Taxation and non-specific grant income	-	(22,791)	-	-	(68)	(22,859)
Earmarked Reserves	(25,486)	-	-	-	-	(25,486)
Reduction in School Delegated Balances	(4,646)	-	-	-	-	(4,646)
Minimum Revenue Provision	-	(18,914)	-	-	-	(18,914)
Direct Revenue Financing	-	(3,795)	-	-	-	(3,795)
Financial Instrument Adjustment Account	-	-	-	-	(275)	(275)
Total Adjustments between accounting basis & funding basis under regulations	**(30,132)**	**46,212**	**59,582**	**134**	**(343)**	**75,453**

Note 23. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2020-21 or 2019-20.

Note 24. Pooled Budgets Arrangements Under Section 31 of the Health Act 1999, and Section 75 of the Health Act 2006

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 2019-20 was £60.649m. It is a pooled budget with Bradford City CCG, Bradford Districts CCG and part of Airedale, Wharfedale and Craven CCG.

	2019-20 Restated	2020-21
	£000	£000
Funding provided		
Bradford & Airedale Community Equipment	1,486	1,563
Care Bill Implementation support	1,417	1,417
Protect Social Services	16,326	17,371
Reablement	1,578	1,558
Carers	957	960
Capital Funding	4,527*	5,137
Total LA Better Care Fund	**26,291**	**28,006**
Better Care Fund	16,185	17,021
iBCF	22,700*	22,701
Total Better Care Fund funding	**65,176**	**67,728**

*= 2019-20 Capital Funding and iBCF figures have been adjusted to correct a transposition error in the 2019-20 Statement of Accounts

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

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

Note 25. Termination Benefits

In 2020-21 the Council incurred voluntary and compulsory redundancy costs of £0.258m (£0.701m in 2019-20) together with £0.363m (£1.2m in 2019-20) for early retirement pension costs. The costs relate to the Council's plans to reduce its expenditure to help to offset the impact of significant Government grant reductions.

Note 26. Pension Schemes Accounted for as Defined Contribution Schemes

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

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

The scheme had 11,221 participating employers in 2019-20, 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 2021, the Council's own contributions equate to approximately 0.22%.

In 2020-21, the Council paid £19.328m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2019-20 were £17.142m and 16.48% up to and including 31 August 2019 and 23.68% from 1 September 2019. There were contributions remaining payable at the year-end of £1.566m. The contributions due to be paid in the next financial year are estimated to be £18.500m.

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 31.
The Council is not liable to the scheme for any other entities' obligations under the plan.

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

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

The scheme had 8,290 participating employers as at 31 March 2020, including 134 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 2021, the Council's own contributions equate to approximately 0.001%.

In 2020-21, the Council paid £0.139m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay, plus an additional £0.24m, representing 2.5% of pensionable pay. The figures for 2019-20 were £0.147m and 14.38%, plus an additional £0.26m and 2.5%. There were contributions remaining payable at the year-end of £0.011m. The contributions due to be paid in the next financial year are estimated to be £0.136m.

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

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

Note 27. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

b) The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2019 for the three years 1 April 2020 to 31 March 2023. 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 2020-21 in respect of Bradford members of the West Yorkshire Pension Fund was 17.1%.
c) Arrangements for the award of discretionary post-retirement benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

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

Discretionary Post-Retirement Benefits

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

Transactions Relating to Post-Employment Benefits

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
· Current service cost*	83,523	80,049	-	-	-	-	83,523	80,049
· Past service costs	1,156	6,045	-	-	-	-	1,156	6,045
· Gain (-) / loss from settlements	-	-	-	-	-	-	-	-
Financing and Investment Income and Expenditure								
· Net interest expense	20,551	21,036	1,094	878	1,942	1,599	23,587	23,513
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	**105,230**	**107,130**	**1,094**	**878**	**1,942**	**1,599**	**108,266**	**109,607**
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)	208,824	(382,712)	-	-	-	-	208,824	(382,712)
· Actuarial gains (-) and losses arising on changes in demographic assumptions	(102,956)	-	(3,208)	-	(5,140)	-	(111,304)	-
· Actuarial gains (-) and losses arising on changes in financial assumptions	(56,963)	572,512	(376)	2,750	(705)	5,162	(58,044)	580,424
· Actuarial gains (-) and losses due to liability experience	(56,352)	(49,190)	(1,610)	(550)	(1,899)	(1,005)	(59,861)	(50,745)
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**97,783**	**247,740**	**(4,100)**	**3,078**	**(5,802)**	**5,756**	**87,881**	**256,574**
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	(105,230)	(107,130)	(1,094)	(878)	(1,942)	(1,599)	(108,266)	(109,607)
Actual amount charged against the General Fund balance for pensions in the year:								
· Employers' contributions payable to the scheme	**39,725**	**39,310**	**-**	**-**	**-**	**-**	**39,725**	**39,310**
· Retirement benefits payable to pensioners	**-**	**-**	**3,320**	**3,269**	**5,638**	**5,544**	**8,958**	**8,813**

* The current service cost includes an allowance for the administration expenses of £1.046m in 2020-21 (£1.027m in 2019-20).

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		Teachers Voluntary Early Retirement Discretionary Benefits		Total Per Balance sheet	
	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000
Present value of the defined benefit obligation	2,880,613	3,477,897	39,795	39,604	72,271	72,483	2,992,679	3,589,984
Fair value of plan assets	1,946,509	2,335,363	-	-	-	-	1,946,509	2,335,363
Impact of Minimum Funding Requirement / Asset Ceiling	-	-	-	-	-	-	-	-
Net liability arising from defined benefit obligation - Closing balance at 31 March	**934,104**	**1,142,534**	**39,795**	**39,604**	**72,271**	**72,483**	**1,046,170**	**1,254,621**

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		Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2002-21 £000
Opening balance at 1 April	**2,139,364**	**1,946,509**	**-**	**-**	**-**	**-**	**2,139,364**	**1,946,509**
Interest income on assets	50,940	44,345	-	-	-	-	50,940	44,345
Re-measurement gains and losses (-) on assets	(208,824)	382,712	-	-	-	-	(208,824)	382,712
Contributions from employer	39,725	39,310	3,320	3,269	5,638	5,544	48,683	48,123
Contributions from employees into the scheme	13,853	14,489	-	-	-	-	13,853	14,489
Benefits paid*	(88,549)	(92,002)	(3,320)	(3,269)	(5,638)	(5,544)	(97,507)	(100,815)
Net increase in assets from disposals/acquisitions	-	-	-	-	-	-	-	-
Settlements	-	-	-	-	-	-	-	-
Closing balance at 31 March	**1,946,509**	**2,335,363**	**-**	**-**	**-**	**-**	**1,946,509**	**2,335,363**

* 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		Unfunded Liabilities: Teachers Voluntary Early Retirement Discretionary		Total	
	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000
Opening balance at 1 April	**3,015,410**	**2,880,613**	**47,215**	**39,795**	**83,711**	**72,271**	**3,146,336**	**2,992,679**
Current service cost	83,523	80,049	-	-	-	-	83,523	80,049
Interest cost	71,491	65,381	1,094	878	1,942	1,599	74,527	67,858
Contributions from scheme participants	13,853	14,489	-	-	-	-	13,853	14,489
Re-measurement gains (-) and losses:							-	-
Actuarial gains (-) and losses arising from changes in demographic assumptions	(102,956)	-	(3,208)	-	(5,140)	-	(111,304)	-
Actuarial gains (-) and losses arising from changes in financial assumptions	(56,963)	572,512	(376)	2,750	(705)	5,162	(58,044)	580,424
Actuarial gains (-) and losses due to liability experience	(56,352)	(49,190)	(1,610)	(550)	(1,899)	(1,005)	(59,861)	(50,745)
Past service costs	1,156	6,045	-	-	-	-	1,156	6,045
Benefits paid	(88,549)	(92,002)	(3,320)	(3,269)	(5,638)	(5,544)	(97,507)	(100,815)
Net increase in liabilities from disposals/acquisitions	-	-	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
Closing balance at 31 March	**2,880,613**	**3,477,897**	**39,795**	**39,604**	**72,271**	**72,483**	**2,992,679**	**3,589,984**

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

Active Members	38%
Deferred Pensioners	17%
Pensioners	45%

Local Government Pension Scheme Assets

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

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

Asset Category	31st March 2020	31st March 2020	31st March 2021	31st March 2021	31st March 2021	31st March 2021	31st March 2021	31st March 2021
	Total £000	Total %	Quoted £000	Quoted %	Unquoted £000	Unquoted %	Total £000	Total %
Equity investments	1,508,544	77.5	1,627,748	69.7	233,536	10.0	1,861,284	80
Government bonds	186,865	9.6	193,835	8.3	-	-	193,835	8
Other bonds	99,272	5.1	107,427	4.6	-	-	107,427	5
Cash	36,984	1.9	-	-	46,707	2.0	46,707	2
Property	87,593	4.5	37,366	1.6	51,378	2.2	88,744	4
Other assets	27,251	1.4	-	-	37,366	1.6	37,366	2
Total	**1,946,509**	**100.0**	**1,966,376**	**84.2**	**368,987**	**15.8**	**2,335,363**	**100**

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

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

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits	
	31-Mar 2020	31-Mar 2021	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
Mortality Assumptions	years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	21.8	21.9	21.8	21.9	21.8	21.9
Women	24.6	24.7	24.6	24.7	24.6	24.7
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	22.5	22.6	-	-	-	-
Women	25.7	25.8	-	-	-	-
Commutation i.e. take-up of option to convert annual pension into retirement lump sum Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.						
Financial assumptions	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Rate of CPI Inflation	2.0	2.7	2.0	2.7	2.0	2.7
Rate of increase in salaries	3.25	3.95	-	-	-	-
Rate of increase in pensions	2.0	2.7	2.0	2.7	2.0	2.7
Pension accounts revaluation rate	2.0	2.7	-	-	-	-
Discount rate	2.3	2.1	2.3	2.1	2.3	2.1

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

Impact on the Defined Benefit Obligation in the Scheme

	Present Value of the Defined Benefit Obligation After Increase in Assumption £000	Change in Present Value of Defined Benefit Obligation %	Present Value of Defined Obligation Benefit After Decrease in Assumption £000	Change in Present Value of Defined Benefit Obligation %
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	3,352,693	-3.6	3,606,579	3.7
Rate of increase in salaries - increase or decrease by 0.1%	3,484,853	0.2	3,470,941	-0.2
Rate of increase in pensions - increase or decrease by 0.1%	3,537,021	1.7	3,418,773	-1.7
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	3,411,817	-1.9	3,547,455	2.0

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

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 22 years from 1 April 2014. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2022 are £40.576m.

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 2022 are £3.285m and £5.572m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 19.5 years at 31 March 2021 (19.5 years at 31 March 2020).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 8.6 years at 31 March 2021 (8.6 years at 31 March 2020) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 8.9 years at 31 March 2021 (8.9 years at 31 March 2020).

Note 28. Members' Allowances

The total cost to the Council in respect of Members' allowances in 2020-21 was £1.909m and £0.001m expenses (£1.927m and £0.014m expenses in 2019-20). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2020-21 was £1.773m and £0.001m expenses (£1.787m and £0.014m expenses in 2019-20).

Note 29. 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 2019-20	Employees Emoluments	Number of Employees 2020-21
149	£50,000 - £54,999	184
65	£55,000 - £59,999	95
49	£60,000 - £64,999	41
33	£65,000 - £69,999	45
33	£70,000 - £74,999	42
13	£75,000 - £79,999	24
15	£80,000 - £84,999	18
6	£85,000 - £89,999	8
3	£90,000 - £94,999	5
9	£95,000 - £99,999	7
7	£100,000 - £104,999	2
1	£105,000 - £109,999	4
1	£110,000 - £114,999	0
1	£115,000 - £119,999	0
0	£120,000 - £124,999	1
0	£125,000 - £129,999	0
0	£130,000 – £134,999	1
1	£135,000-£139,999	2
2	£140,000 - £144,999	0
0	£145,000 - £149,999	0
1	£150,000 –£154,999	0
0	£155,000-£159,999	1
0	£160,000 – £164,999	0
0	£165,000 - £169,999	0
0	£170,000 –£174,999	0
1	£175,000 - £179,999	0
390	**Total**	**480**

The above figures include 277 teachers (200 in 2020-21). The Employee Remuneration Note excludes Senior Officers salaries, which is shown in a separate note below.

The above table includes compensation payments for loss of employment.

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.

2020-21 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	194,628	-	-	441	195,069	33,281	228,350
Strategic Director Corporate Resources	147,459	-	-	-	147,459	25,215	172,674
City Solicitor	105,100	-	-	-	105,100	17,972	123,072
Director of Finance & IT	105,100	-	-	-	105,100	17,972	123,072
Director of Human Resources	105,100	-	-	-	105,100	17,972	123,072
Strategic Director Children's Services	143,336	-	-	-	143,336	24,510	167,846
Strategic Director Health & Wellbeing (1) to 16/08/20	55,495	-	-	-	55,495	-	55,495
Strategic Director Health & Wellbeing (2) from 17/08/20	91,963	-	-	-	91,963	15,726	107,689
Director of Public Health	94,785	-	-	-	94,785	14,833	109,618
Strategic Director Place to 30/11/20	98,306	-	-	-	98,306	16,810	115,116
Assistant Director - Office of the Chief Executive	67,105	-	-	-	67,105	15,775	82,880
Director West Yorkshire Pension Fund	111,231	-	-	-	111,231	19,020	130,251
Acting Assistant Director - Office of the Chief Executive from 29/06/20	73,233	-	-	-	73,233	12,523	85,756

2019-20 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	189,419	-	-	-	189,419	33,148	222,567
Strategic Director Corporate Resources (and Acting Chief Executive 22/03/19 to 31/05/19)	146,113	-	-	-	146,113	25,570	171,683
City Solicitor	102,287	-	-	-	102,287	17,900	120,187
Director of Finance & IT from 17/06/19	80,693	-	-	-	80,693	14,121	94,814
Director of Human Resources	102,287	-	-	-	102,287	17,900	120,187
Strategic Director Children's Services from 01/07/19	103,622	-	-	-	103,622	18,134	121,756
Strategic Director Health & Wellbeing (1)	142,176	-	-	-	142,176	24,881	167,057
Director of Public Health	98,497	-	-	-	98,497	14,164	112,661
Strategic Director Place	142,176	-	-	-	142,176	24,881	167,057
Assistant Director - Office of the Chief Executive	87,513	-	-	-	87,513	15,315	102,828
Director West Yorkshire Pension Fund (restated due to a regrading approved in 2020/21 backdated to 01/04/19)	106,131	-	-	-	106,131	18,557	124,688

Election Duty Remuneration 2020-21

No elections were held in 2020-21. Comparative 2019-20 Senior Officers' Election Duty Remuneration.

Post Title and Holder	Salary	Pension	Total
	£	£	£
Chief Executive - Kersten England	16,849	2,948	19,797
Strategic Director Corporate	4,209	737	4,946
City Solicitor	10,027	1,755	11,782

Exit Packages

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

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

Compulsory Redundancies				
Number of Exit Packages 2019-20	Cost to Council 2019-20	Cost Bandings	Number of Exit Packages 2020-21	Cost to Council 2020-21
	£			£
3	30,465	£0 - £19,999	6	61,182
1	39,773	£20,000 - £39,999	-	-
-	-	£40,000 - £59,999	-	-
1	62,323	£60,000 - £79,999	-	-
-	-	£80,000 - £99,999	-	-
-	-	£100,000 - £149,999	-	-
-	-	£150,000 - £199,999	-	-
-	-	£200,000 - £249,999	-	-
5	**132,561**	**Total**	**6**	**61,182**

Other Departures				
Number of Exit Packages 2019-20	Cost to Council 2019-20	Cost Bandings	Number of Exit Packages 2020-21	Cost to Council 2020-21
	£			£
54	404,494	£0 - £19,999	32	194,458
11	283,941	£20,000 - £39,999	2	52,373
6	282,264	£40,000 - £59,999	-	-
6	416,927	£60,000 - £79,999	-	-
5	438,852	£80,000 - £99,999	1	81,038
1	118,278	£100,000 - £149,999	-	-
-	-	£150,000 - £199,999	-	-
-	-	£200,000 - £249,999	-	-
83	**1,944,756**	**Total**	**36**	**327,869**

Note 30. 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 2020-21 is £24.435m, (2019-20 £18.913m).

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

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £4.897m in 2020-21 (£3.796m in 2019-20) is not shown in the Comprehensive Income and Expenditure Account but is charged to the General Fund and shown in the Movement in Reserves Statement.

Profit or Loss on the Disposal of Assets and Investments

Profits or losses arising on the disposal of assets are charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The loss on disposal of £11.705m in 2020-21 is made up of £16.502m from the de-recognition of assets and £4.797m in capital receipts. There was a loss on disposal in 2020-21 largely because of schools

that were de-recognised from assets when they converted to Academies. The Council does not receive capital receipts when schools convert to academies.

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

Note 31. 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 2020 £000	Finance Leases as Lessee	31 March 2021 £000
-	Other land and Buildings	-
1,309	Vehicles, Plant, Furniture and Equipment	1,021
1,309	**Total**	**1,021**

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 2020 £000	**Finance Lease liabilities** (net present value of minimum lease payments)	31 March 2021 £000
302	Current	271
908	Non-current	660
35	Finance costs payable in future years	24
1,245	**Total Minimum Lease Payments**	**955**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Not later than one year	316	282	302	271
Later than one year and not later than five years	929	673	908	660
Later than five years	0	0	0	0
	1,245	**955**	**1,210**	**931**

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

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

Operating Leases

The Council has entered into a number of operating leases for buildings, vehicles, photocopiers and office equipment. The amount charged under these arrangements in the Comprehensive Income and Expenditure Statement during 2020-21 was £1.571m (£1.284m 2019-20).

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

31 March 2020 £000		31 March 2021 £000
819	Not later than one year	752
1,768	Later than one year and not later than five years	1,580
2,053	Later than five years	1,715
4,640	**Total**	**4,047**

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 2020 £000	Finance lease debtor (net present value of minimum lease payments)	31 March 2021 £000
-	Current	-
210	Non-current	210
2,520	Unearned finance income	2,494
2,730	**Gross Investment in the Lease**	**2,704**

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 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £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	2,599	2,573	2,599	2,573
Total	**2,730**	**2,704**	**2,730**	**2,704**

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.
- one academy schools that are on short-term six year leases.

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

31 March 2020 £000		31 March 2021 £000
3,748	Not later than one year	2,918
9,846	Later than one year and not later than five years	6,934
60,766	Later than five years	55,958
74,360	**Total**	**65,810**

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 2020-21 £0.414m contingent rents were receivable by the Council (2019-20 £0.450m).

Note 32. Private Finance Initiative (PFI)

BSF Phase 1 – Provision of three schools

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

2019-20 £000	BSF Private Financing Initiative	2020-21 £000
	Charges to Net Cost of Services	
4,573	Unitary Payments to the Contractor for services provided	4,889
	Total charges to the revenue account	
	Net Operating Expenditure	
5,742	Interest element of finance lease payments	5,836
	Movement in Reserves Statement	
2,738	Capital element of finance lease	2,771
13,053	**Total PFI charges**	**13,496**
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,389	Education	4,692
-	Council and Schools contribution	
13,394	**Total Financing**	**13,697**
341	**Transfer to BSF PFI Reserve**	**201**

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 2021 are as follows:

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	£000	£000	£000
Within 1 year	12,532	2,714	5,146	4,672
2-5	51,555	13,748	17,625	20,182
6-10	67,933	25,222	15,507	27,204
11-15	33,884	16,587	3,801	13,496
Total	**165,904**	**58,271**	**42,079**	**65,554**

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:

2019-20 £000	Analysis of Outstanding Liability for BSF Phase 1	2020-21 £000
63,780	**Balance outstanding at 31 March**	**61,042**
(2,738)	Payments during the year	(2,771)
61,042	**Balance outstanding at year end**	**58,271**

The closing value of assets held under the scheme at 31 March 2021 was £21.387m (£21.804m 31 March 2020) 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 2021 were £58.271m (£61.042m at 31 March 2020). The decrease of £2.771m 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.

2019-20 £000	BSF Private Financing Initiative	2020-21 £000
	Charges to the Revenue Account	
10,420	Unitary Payments to the Contractor for services provided	10,943
10,420	**Total charges to the revenue account**	**10,943**
	Net Operating Expenditure	
11,236	Interest element of finance lease payments	11,266
	Statement of Movement on the General Fund Balance	
4,984	Capital element of finance lease	4,970
26,640	**Total PFI charges**	**27,179**
	Financed By	
18,297	Government PFI Revenue Grant	18,297
8,628	Education	9,026
-	Council and Schools contribution	-
26,925	**Total Financing**	**27,323**
285	**Transfer to BSF PFI Reserve**	**144**

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

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	£000	£000	£000
Within 1 yr	26,157	5,220	10,859	10,078
2-5	107,422	22,234	42,088	43,100
6-10	141,118	31,730	47,875	61,513
11-15	148,289	36,544	39,462	72,283
16-20	-	-	-	-
Total	**422,986**	**95,728**	**140,284**	**186,974**

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

2019-20 £000	Analysis of Outstanding Liability for BSF Phase 2	2020-21 £000
105,682	**Balance outstanding at 31 March**	**100,698**
(4,984)	Payments during the year	(4,970)
-	Capital Expenditure incurred in the year	-
100,698	**Balance outstanding at year end**	**95,728**

The closing value of assets held under the scheme at 31 March 2021 was £24.307m (£24.698m 31 March 2020) in respect of the BSF Phase 2 scheme. The assets used to provide services at the schools are recognised on the Council's Balance Sheet, as regards one Foundation School and one Special School. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2021 were £95.728m (£100.698m 31 March 2020).

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 £45.694m, per Note 9 page 43 and the total liabilities are £153.999m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £108.305m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 22, by £108.305m.

Note 33. 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:

2019-20 £000		2020-21 £000
	Capital Expenditure and Capital Financing Requirement	
700,124	**Opening Capital Financing Requirement**	**710,701**
	Capital investment	
57,390	Property, Plant and Equipment	49,288
6,555	Investment properties	33
218	Intangible Assets	10
16,456	Revenue Expenditure funded from Capital under statute	14,575
	Sources of Finance	
(2,055)	Capital Receipts Applied	(5,077)
(45,278)	Government grants and other contributions	(41,434)
(3,796)	Sums set aside from revenue	(4,897)
(4,524)	Repayment of Principal on PFI and Other Finance Leases	(4,685)
(19,304)	MRP/loans fund principal	(19,600)
5,072	Revision to estimated provision for amounts set aside	-
(157)	Payments of Principal on Long-Term Liabilities	(151)
710,701	**Closing Capital Financing Requirement**	**698,763**
	Explanation of movements in year	
9,690	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(12,035)
887	Assets acquired under finance leases	97
10,577	**Increase/ (decrease) in Capital Financing Requirement**	**(11,938)**

Note 34. Revenue Expenditure Funded From Capital Under Statute (REFCUS)

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

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £14.575m (£16.456m in 2019-20). Grants of £12.363m funded this in year REFCUS expenditure (£14.123m in 2019-20), including £5.453m transferred from the Capital Grants Unapplied reserve (£5.350m in 2019-20).

Note 35. Other Long Term Liabilities

The total deferred liabilities at 31 March 2021 are £1,405.155m compared to a total of £1,205.044m at 31 March 2020. The main liability is in respect of the actuarially calculated pension liability which is £208.450m higher at 31 March 2021 when compared to 31 March 2020.

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 2021 was £153.999m (£161.704m at 31 March 2020), of which £146.065m is a deferred liability and £7.934m a creditor in respect of the 2019-20 principal repayment.

b) former West Yorkshire Waste Management Joint Committee debt. This is managed on the Council's behalf by Wakefield Metropolitan District Council. The deferred liability outstanding at 31 March 2021 was £3.331m (£3.469m at 31 March 2020).

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.

2019-20 £000	Other Long Term Liabilities	2020-21 £000
1,046,170	Pension Liability	1,254,620
	BSF	
58,271	Phase 1	55,557
95,728	Phase 2	90,508
3,469	Waste Management Joint Committee Debt	3,331
1,406	Other	1,139
1,205,044	**Total**	**1,405,155**

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £153.999m. As with all the Long-Term liabilities and current liabilities, the liability of £153.999m impacts on the Balance Sheet by reducing the net assets of the authority. However, this liability is matched with a government grant for Phase 1 of £9.005m and £18.297m for Phase 2, totalling £27.301m, see Note 41, page 78. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 36. Deferred Income

There was no deferred income in 2020-21.

Note 37. Related Party Transactions

The Council is required to disclose material transactions with related parties – 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 45.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020-21 is shown in note 32. 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 2020-21, material transactions totalling approximately £1.566m net expenditure took place with such organisations. £1.690m of income from related parties (of which £0.124m is still outstanding) has been netted off £3.256m of expenditure on related parties (of which £0.052m is still outstanding).

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

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.

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 30 and 31
• Pooled Budgets – Note 28

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

West Yorkshire Combined Authority
The Council pays a transport levy towards the services provided by the West Yorkshire Combined Authority. The amount paid in 2020/21 was £22.2m (£22.7m in 2019/20).
The Leader of Bradford Council is a member of the Combined Authority. In addition to the transport levy, payments of £1.2m have been made to West Yorkshire Combined Authority in 2020/21 (£0.1m in 2019/20).

Bradford Council's Group
The Council does not have any interests in outside companies or organisations which are sufficiently material to require the production of group accounts in 2020-21.

Note 38. External Audit Costs

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

2019-20* Restated £000	External Audit Costs	2020-21 £000
183	External audit services	143
9	Certification of grant claims and returns	9
63	West Yorkshire Pension Fund	62
-	Fees for other services	-
255	**Total**	**214**

*The figures for 2019-20 have been amended to include fee variations agreed after the 2019-20 accounts were finalised.

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

Note 39. 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 £564.4m for financial year 2020-21, see the table below:

Dedicated Schools Grant	Total	Central Expenditure	Individual Schools Budget (ISB)	Total	Central Expenditure	Individual Schools Budget (ISB)
	2019-20 £000	**2019-20** £000	**2019-20** £000	**2020-21** £000	**2020-21** £000	**2020-21** £000
Final DSG before Academy Recoupment	536,462			564,427		
Academy Recoupment	(271,118)			(294,822)		
Total DSG after Academy Recoupment	**265,344**			**269,605**		
Plus DSG b/f from previous year	16,278			21,987		
DSG carry forward to following year agreed in advance	(11,270)			(20,685)		
Agreed Budget Distribution	**270,352**	**23,673**	**246,679**	**270,907**	**26,837**	**244,070**
In Year Adjustments	(78)		(78)	(759)	-	(759)
Final Budgeted Distribution	**270,274**	**23,673**	**246,601**	**270,148**	**26,837**	**243,311**
Less Actual ISB deployed to schools	238,775	-	238,775	238,288	-	238,288
Less Actual Central Expenditure	20,777	20,889	-	24,995	24,995	-
Carry Forward	**10,717**	**2,784**	**7,933**	**6,865**	**1,842**	**5,023**
Carry Forward agreed in Advance	11,270	-	11,270	20,685	2,784	17,901
Total Carry Forward	**21,987**	**2,784**	**19,203**	**27,550**	**4,626**	**22,924**

* The DSG after Academy Recoupment of £269.605m is the same as is shown in the grants Note 45.

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

Note 40. Contingent Liabilities and Assets

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

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

Prior to 1992, the Council's public liability and employers' liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement. A court ruling in relation to employers' liability for occupational disease claims such as asbestosis has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. An additional levy was triggered for a further 10% on 1 April 2018, for which a provision was set aside as at 31 March 2019 (Please see Provisions, Note 19).

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

Search Fees

A group of Personal Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council 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 19).

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

Compensation Claim

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

In the event that the Council has to fund historic deficits, there may be a future cost potentially over £4million: however, the Council would seek central government funding for this.

Note 41. 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 2020-21:

Grant Income	2019-20 * Restated £000	2020-21 £000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	265,344	269,605
Rent Allow ance Subsidy	126,409	117,954
Public Health	40,722	42,298
Pupil Premium	14,279	13,636
PFI Revenue Support	27,301	27,301
Education and Schools	27,077	29,473
Social Care Support	3,924	15,185
NHS Adult Social Care**	22,701	22,701
Revenue Expenditure Funded from Capital under Statute (REFCUS)	8,773	6,910
Other Grants under £5,000k***	19,839	20,973
Total*	**556,369**	**566,035**
Covid 19 Grants Credited to Net Cost of Services		
Contain Management Outbreak Fund (including Test and Trace)	-	17,742
Infection Control Grant	-	10,043
Discretionary Business Grants	-	6,842
Other Covid Grants Under £5,000k		18,873
Total Covid Grants credited to Cost of Service	**-**	**53,500**
Total Grants Credited to Cost of Service	**556,369**	**619,535**
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-	34,609
Top Up Grant	67,062	69,269
New Homes Bonus Grant	4,887	4,118
Small Business Rates and other Section 31 grants including National Levy surplus	38,684	27,853
Local Services Support Grant	839	852
Covid 19 Support Grant*	15,757	38,563
Income Compensation Scheme	-	12,973
75% Tax Income Guarantee Compensation	-	7,142
Council Tax Hardship Grant	-	5,852
Total	**127,229**	**201,231**

* Covid 19 Support Grant was incorrectly shown in the 'credited to service' line, in the 2019-20 statement. This did not impact on the CIES and effected the presentation of this note only. Due to the materiality of the Covid Support Grant this is now being shown on a separate line rather than included within the Section 31 grants.
** Figure in 2019/20 amended to represent iBCF only, BCF is not considered a grant payment, it is considered a payment for services provided.
*** Winter Pressures grant £2.296m previously included in Independent Living Fund, moved to iBCF. All grants under £5,000k shown as one figure.

Covid Business Grants where Council Acts as Agent	2019-20 * £000	2020-21 £000
Government Grants for Businesses	-	125,027
Local Restriction Tier 2 (closed) and Closed Addendum	-	25,645
Closed Business Lockdow n Payments	-	18,848
Other Covid Grants under £5,000k		4,354
Total Covid Grants where Council is Agent	**-**	**173,874**

The Council has acted as an agent for a number of Business Grants during 2020-21, these are not included in the Comprehensive Income and Expenditure.

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:

	2019-20 £000	2020-21 £000
Capital Grants Receipts in Advance		
Developer's contributions	15,374	15,571
Total (See Balance Sheet)	**15,374**	**15,571**

Note 42. Impairment Losses

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

There were no impairment losses during the year.

Note 43. 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.

The Council's assets and liabilities are carried at amortised cost – a measure reflecting transactional cashflows. This note gives details about the Council's financial assets and liabilities, and the fair value of these at the balance sheet date (this can differ from the carrying amount).

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

	Long-term		Current	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000
Financial assets held at amortised costs				
Investments (Principal amount)	-	-	18,995	80,000
Investments Accrued Interest	-	-	58	6
Cash & Cash Equivalents	-	-	96,361	82,570
Equity Investments	1	1	-	-
Long term Debtors	1,924	1,897	-	292
Debtors	-	-	46,527	40,520
Total Financial Assets	**1,925**	**1,898**	**161,941**	**203,388**
Financial liabilities held at amortised cost				
Loans (Principal amount)	340,028	334,339	17,663	9,070
Accrued Interest	-	-	3,496	3,453
PFI and finance lease liabilities	154,907	146,725	8,043	8,205
Current Creditors	-	-	40,343	45,968
Total Financial Liabilities	**494,935**	**481,064**	**69,545**	**66,696**

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

The fair values calculated are as follows:

2019-20 Carrying amount	2019-20 Fair value	Fair value of liabilities carried at amortised cost at 31 March	2020-21 Carrying amount	2020-21 Fair value
£000	£000		£000	£000
299,667	373,332	PWLB Loans	297,849	387,966
37,810	54,922	LOBO's	37,792	57,362
10,400	10,400	Other loans	400	400
3,496	3,496	Short term borrowing	3,453	3,453
5,696	5,696	Cash overdrawn	3,413	3,413
3,766	5,476	Other local authorities re joint services	3,616	5,499
352	352	Other	339	339
162,950	162,950	PFI and finance lease liabilities	154,930	154,930
40,343	40,343	Financial liabilities at contracted amounts	45,968	45,968
564,480	**656,967**	**Total Liabilities**	**547,760**	**659,330**

The fair value of liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

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

An alternative valuation technique for PWLB loans is where the value is calculated to be equivalent to the cost of the early repayment of outstanding PWLB debt. But if the Council were to seek to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging an additional premium for the additional interest that will not now be paid. If this method of valuation had been used in 2020-21 the fair value would be calculated as £446.048m.

2019-20 Carrying amount	2019-20 Fair value	Fair value of assets carried at amortised cost at 31 March	2020-21 Carrying amount	2020-21 Fair value
£000	£000		£000	£000
19,050	19,050	Investments	80,005	80,005
96,364	96,364	Investments – cash and cash equivalents	82,571	82,571
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
1,924	1,924	Debtors – loans and receivables	2,189	2,189
46,527	46,527	Financial assets at contracted amounts	40,520	40,520
163,866	**163,866**	**Total Financial Assets**	**205,286**	**205,286**

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

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

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

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

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

2019-20 £000	Recognised gains and losses	2020-21 £000
	Financial assets: measured at amortised cost	
(1,294)	Interest income	(1,011)
(1,294)	**Total income in surplus or deficit on the provision of services**	**(1,011)**
	Financial Liabilities measured at amortised cost	
17,158	Interest payable	16,511
17,010	Interest Payable on PFI and Finance leases	17,119
34,168	**Total expense in surplus or deficit on the provision of services**	**33,630**

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 & IT 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 25 June 2020 and approved by Council on 12 December 2020 and is available on the Council's website. Actual performance is also reported after each year.

a. Credit Risk

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

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

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

Investment limits

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

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

The full Investment Strategy for 2020-21 was approved by Full Council on 19 March 2020 and is available on the Council's website.

Amounts arising from expected credit losses

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

At the year end the Council held investments of £133.3m, made up of £80.0m Investments and £53.3m 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 2021 that any losses were likely to crystallise. The Council has not suffered any historical experience of default on any deposits with financial institutions, and does not expect to suffer any defaults on any of its existing deposits and therefore there is no requirement for any impairment of financial assets to be made.

We have assessed the Council's short term and long term investments and concluded that the expected credit loss is not material therefore no allowance has been made. The historical experience of default is 0.005% and the estimated expected credit loss £5,450, see table below.

	31 March 2021 Principal £000	Lowest Credit rating	Historical experience of default %	Estimated maximum exposure to default £000
DBS Bank	2,000	AA-	0.002%	0.033
DBS Bank	2,000	AA-	0.002%	0.033
DBS Bank	2,000	AA-	0.011%	0.226
DBS Bank	2,000	AA-	0.005%	0.110
DBS Bank	7,500	AA-	0.017%	1.249
DBS Bank	2,000	AA-	0.004%	0.071
DBS Bank	2,500	AA-	0.011%	0.282
Nordea Bank	10,000	AA-	0.017%	1.691
Landesbank Hessen	5,000	A	0.007%	0.362
Landesbank Hessen	3,000	A	0.003%	0.101
Landesbank Hessen	3,000	A	0.007%	0.217
Handlesbanken	6,100	AA-	0.005%	0.335
Handlesbanken	3,400	AA-	0.005%	0.178
Handlesbanken	7,000	AA-	0.007%	0.523
DMO	7,000	AA-	0.005%	-
DMO	6,000	AA-	0.003%	-
DMO	3,500	AA-	0.002%	-
DMO	10,000	AA-	0.001%	-
DMO	10,000	AA-	0.002%	-
Santander UK Plc	20,000	A	0.000%	0.026
National Westminster Bank Plc	10,000	A	0.000%	0.013
Federated LF	9,300	AAAm	-	-
Investments Principals	**133,300**	**-**	**0.005%**	**5.450**

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

Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. An impairment charge has been included in the accounts, to take account of the risk of non-payment (see note 18). As at 31 March 2021, the Council had a balance owing from its customers (mainly service and rent) of £40.520m (£46.527m 31 March 2020). The exposure to default has been assessed and is reflected in an impairment charge of £9.205m.

b. Liquidity Risk

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

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

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

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

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

31 March 2020 £000	Total Borrowing	31 March 2021 £000
	Source of loan and interest rate range :	
299,667	Public Works Loan Board (3.7% to 10%)	297,849
37,810	Commercial Banks (3.2% to 4.5%)	37,793
10,400	Other	400
347,877	**Total**	**336,042**
	Analysis of loans:	
11,816	Maturing in less than 1year	5,511
11,816	**Total Short Term Borrowing**	**5,511**
	Long Term Borrowing	
37,231	Maturing in 2 - 5 years	38,204
59,264	Maturing in 5 - 10 years	59,296
53,456	Maturing in 10 - 15 years	56,938
186,110	Maturing in more than 15 years	176,093
336,061	**Total Long Term Borrowing**	**330,531**
347,877	**Total Borrowing**	**336,042**

The total borrowing shown on the Balance Sheet, of £339.495m, calculated by adding together short term (£8.964m) and long-term borrowing (£330.531m), includes accrued interest of £3.453m, 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.

c. Market Risk

Interest rate risk

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

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

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

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

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

According to this investment strategy, if interest rates had been 1% higher at 31 March 2021 with all other variables held constant, the financial effect would be:

31 March 2019 £000	Effect of 1% increase in interest rates	31 March 2020 £000
-	Increase in interest payable on variable rate borrowings	-
(406)	Increase in interest receivable on variable rate investments	(1,085)
-	Increase in government grant receivable for financing costs	-
(406)	**Impact on Surplus or Deficit on the Provision of Services**	**(1,085)**

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

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

Price Risk

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

Foreign Exchange Risk

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

Note 44. Trust Funds and Custodial Money

The Director of Finance acts as treasurer to 21 funds (inclusive of 13 sole trustee charities), held in trust for such purposes as maintenance grants, travel scholarships and book prizes, or for the benefit and care of particular client groups. The fund balances are invested in managed funds, local authority bonds and gilt edged securities and deposit accounts.

£20,904 (£18,059 at 31 March 2020) is also held on behalf of clients who are in residential care. The assets shown below are not owned by the Council and are not included in the Balance Sheet.

Balance at 31st March 2020	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2020-21	Income 2020-21	Balance at 31st March 2021
£000		£000	£000	£000
659	The Charles Semon Educational Foundation		12	671
946	Bradford area	(32)	16	930
524	Keighley area	(2)	18	540
6	Housing charities	(2)	-	4
345	Charities for the Blind	-	9	354
2,480	**Total Trust Funds and Custodial Money Balances**	**(36)**	**55**	**2,499**

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2021 had net assets of over £50,000, further details regarding the purpose of the charity and its financial performance are set out below.

Trust Fund and Charity Registration Number	Purpose	Net increase/ - decrease in funds in 2020-21	Balance at 31st March 2021
		£000	£000
The Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	12	671
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	17	527
Royd House Trust Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	5	157
The Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	2	225
Little Moor Park (otherwise Foster Park) Queensbury (519426)	Maintenance of Public Park & Recreation Ground for the benefit and use of Queensbury and the general public	2	68
Bingley Educational Trust	Sale of Land - Money used for Grant Giving	-	224
Wibsey Park Lodge	Sale of Land - Money used for Grant Giving	(27)	120

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.

Original 2019/20 Figues			Restated 2019/20 Figures*							
2019-20 £000 Council Tax	2019-20 £000 Business Rates	2019-20 £000 Total	2019-20 £000 Council Tax	2019-20 £000 Business Rates	2019-20 £000 Total	Collection Fund Statement	2020-21 £000 Council Tax	2020-21 £000 Business Rates	2020-21 £000 Total	Note
						Income				
(236,534)	-	(236,534)	(238,732)	-	(238,732)	Due from Council Tax payers	(246,113)	-	(246,113)	Note 1
6	-	6	-	-	-	Due in respect of Council Tax benefits	-	-	-	
-	(141,101)	(141,101)	-	(139,082)	(139,082)	Due from Business Rate payers	-	(76,875)	(76,875)	Note 2
(236,528)	**(141,101)**	**(377,629)**	**(238,732)**	**(139,082)**	**(377,814)**	**Total Income**	**(246,113)**	**(76,875)**	**(322,988)**	
						Expenditure				
						Precepts:				
195,251	-	195,251	197,455	-	197,455	Bradford Council	208,656	-	208,656	
9,185	-	9,185	9,185	-	9,185	West Yorkshire Fire and Rescue Authority	9,508	-	9,508	
26,584		26,584	26,584		26,584	Police & Crime Commissioner for West Yorkshire	28,333	-	28,333	
						Business Rates:				
-	31,176	31,176	-	31,176	31,176	Payment to Central Government	-	66,922	66,922	
-	1,288	1,288	-	1,288	1,288	Payment to West Yorkshire Fire and Rescue Authority	-	1,338	1,338	
-	96,316	96,316	-	96,316	96,316	Payment to Bradford Council	-	65,584	65,584	
-	728	728	-	728	728	Costs of Collection	-	720	720	
-	1,621	1,621	-	1,621	1,621	Transitional Protection Payments	-	2,740	2,740	
3,188	2,118	5,306	-	-	-	Write-offs of Uncollectable Amounts	-	-	-	
-	1,009	1,009	-	-	-	Settlement of Appeals	-	-	-	
2,588	2,415	5,003	5,776	4,533	10,309	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	5,567	5,133	10,700	Note 3
-	2,698	2,698	-	1,688	1,688	Contribution to / from (-) Provision for Losses on Appeals	-	(5,710)	(5,710)	Note 4
						Distribution of Collection Fund Surplus/Repayment of Deficit:				
(33)	-	(33)	(33)	-	(33)	Bradford Council	980	768	1,748	
(2)	-	(2)	(2)	-	(2)	West Yorkshire Fire and Rescue Authority	46	9	55	
(4)	-	(4)	(4)	-	(4)	Police & Crime Commissioner for West Yorkshire	133	-	133	
-	-	-	-	-	-	Central Government	-	79	79	
236,757	**139,369**	**376,126**	**238,961**	**137,350**	**376,311**	**Total Expenditure**	**253,223**	**137,583**	**390,807**	
229	**(1,732)**	**(1,503)**	**229**	**(1,732)**	**(1,503)**	**Net movement (surplus (-)/deficit) in the fund balance**	**7,110**	**60,708**	**67,818**	Note 5
						Movements on the Collection Fund Balance				
(73)	**88**	**15**	**(73)**	**88**	**15**	**Balance at beginning of year**	**155**	**(1,644)**	**(1,489)**	
193	(1,089)	(896)	193	(1,282)	(1,089)	Bradford's share of surplus (-) /deficit for the year	6,007	29,747	35,754	Note 5
35	1	36	35	(17)	18	Preceptors' share of surplus (-) /deficit for the year	1,103	607	1,710	Note 5
-	1,176	1,176	-	(433)	(433)	Central Government's share of surplus (-) /deficit for the year	-	30,354	30,354	Note 5
155	**176**	**331**	**155**	**(1,644)**	**(1,489)**	**Balance at end of year**	**7,265**	**59,064**	**66,329**	
						Allocated to:				
131	(1,351)	(1,220)	131	(1,351)	(1,220)	Bradford Council	6,138	28,744	34,882	
18	(17)	1	18	(17)	1	West Yorkshire Fire and Rescue Authority	286	591	877	
6	-	6	6	-	6	Police & Crime Commissioner for West Yorkshire	841	-	841	
-	(276)	(276)	-	(276)	(276)	Central Government	-	29,729	29,729	
155	**(1,644)**	**(1,489)**	**155**	**(1,644)**	**(1,489)**	**Total Allocation**	**7,265**	**59,064**	**66,329**	

* 2019/20 Collection Fund figures have been restated due to presentational issues.

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 £1690.01 in 2020-21 (£1,624.61 in 2019-20) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2020-21 was 144,351 (142,200 in 2019-20). The tax base for 2020-21 was approved at the Executive meeting on 7 January 2020 and was calculated as follows:

2019-20 Band D Equivalent		Band	2020-21 Number of chargeable dwellings	Multiplier	2020-21 Band D Equivalent
95.2		A*	112	5/9	62
62,381		A	63,199	6/9	42,133
37,273		B	37,538	7/9	29,196
34,186		C	34,540	8/9	30,702
16,119		D	16,349	9/9	16,349
11,642		E	11,799	11/9	14,421
5,545		F	5,616	13/9	8,112
3,452		G	3,494	15/9	5,823
247		H	249	18/9	498
145,621	Total Band D equivalent				147,297
-3,421	Adjustment for estimated losses on collection				-2,946
142,200	**Council Tax Base**				**144,351**

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

The Council collects business rates on behalf of central government for its area. The rate in the pound of rateable value is set by central government. There are two multipliers: the small business non-domestic rating multiplier of 49.9p (49.1p in 2019-20) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 51.2p (50.4p in 2019-20) includes the supplement to pay for small business relief.

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

The business rates share payable for 2020-21 were estimated before the start of the financial year as £1.338m to WYFRA and £65.584m to Bradford Council. These sums have been paid in 2019-20 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2020-21 was £76.875m (£139.082m in 2019-20). This sum includes £2.740m (£1.621m in 2019-20) of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £386,188,439 for 2020-21 (£391,114,254 for 2019-20).

Note 3. Provision for Council Tax and Business Bad Debts

In 2020-21, the provision for Council Tax bad debts increased from £16.438m to £16.458m. The net movement of £0.02m represents amounts charged against the provision of £5.547m for outstanding arrears that are irrecoverable and an increase in the provision during the year of £5.568m. Of the final balance, 84.5% is to cover Council Tax owed to the Council. The remaining 15.5% is to cover amounts owed to major preceptors.

In 2020-21, the provision for Business Rates bad debts increased from £2.339m to £7.173m. The net movement of £4.783m represents amounts charged against the provision of £0.349m for outstanding arrears that are irrecoverable and an increase in the provision during the year of £5.133m. Of the final balance, 49% is to cover Council Tax 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

Within the 2020-21 Business Rate Pool, the Council shares 49% of the risks and rewards of the income from Business Rates. The Council could potentially receive a shortfall in income from changes in the valuations of commercial premises, following appeals to the Valuation Agency. In 2020-21, the full provision for losses on outstanding appeals was decreased by £5.709m, from £22.263m at 31 March 2020 to £16.554m at 31 March 2021. The Council's 49% share of the £16.554m provision was £8.111m.

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 deficit of £66.329m arose in 2020-21 (£1.489m surplus in 2019-20), of which the Council's share was a deficit of £34.882m (£1.220m surplus in 2019-20) and the preceptors share a deficit of £31.447m (£0.269m surplus in 2019-20). The exceptional deficit on the Collection Fund is discussed in more detail in Note 6 below.

Note 6. Collection Fund Deficit

The significant Collection Fund deficit for 2020/21 has arisen largely in relation to reductions being applied to business rates. These reductions reflected central government's support for businesses, in response to the COVID-19 pandemic, by awarding expanded retail discounts and nursery and newspaper reliefs, meaning that less rates were billed and therefore collectable in 2020/21. The business rates reductions are funded by central government through Section 31 Grants. The compensation is not included in the Collection Fund but is reimbursed to the Council through the General Fund account.
Further relief is provided by central government through the '75% Tax Income Guarantee compensation scheme' which compensates councils for 75% of council tax and business rates irrecoverable losses. The compensation funded by S31 grants, is not included in the Collection Fund, but is reimbursed to the council's general fund which includes £2.546m towards Council Tax losses and £4.582m for Business Rates losses.

Note 7. Leeds City Region Pooling Arrangement

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

Independent auditor's report to the members of City of Bradford Metropolitan 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 2021, which comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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 2021, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the 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 2020/21, 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 2020/21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for

dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance 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.

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 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, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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 were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance and Audit Committee the 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.

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.

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 statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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

[*Signature*]

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

[Insert date]

West Yorkshire Pension Fund

2019-20 £000	Fund account for the year ended 31 March 2021	2020-21 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
441,973	Contributions receivable	480,170	*6*
50,705	Transfers in	26,934	*7*
21,671	Non-statutory pensions and pensions increases recharged	21,019	*8*
514,349		**528,123**	
-553,082	Benefits payable	-550,077	*9*
-21,671	Non-statutory pensions and pensions increases	-21,019	*8*
-37,250	Payments to and on account of leavers	-23,373	*10*
-612,003		**-594,469**	
-97,654	**Net additions/(withdrawals) from dealing with members**	**-66,346**	
-12,306	Management expenses	-10,002	*13*
-109,960	**Net additions/(withdrawals) including management expenses**	**-76,348**	
	Returns on investments		
464,284	Investment income	361,159	*15*
-8,719	Taxes on income	-7,919	*15a*
-1,497,058	Profit and losses (-) on disposal of and changes in value of investments	2,833,734	*17*
2,710	Stock lending	2,278	*17c*
-1,038,783	**Net return on investments**	**3,189,252**	
-1,148,743	**Net Increase (decrease) in the net assets available for benefits during the year**	**3,112,904**	
14,363,041	**Opening net assets of the scheme**	**13,214,298**	
13,214,298	**Closing net assets of the scheme**	**16,327,202**	

2019-20 £000	Net assets statement at 31 March 2021	2020-21 £000	Note
	Investment assets		
1,387,188	Bonds	1,315,811	*17*
7,675,342	Equities (including convertible shares)	9,998,808	*17*
736,119	Index-linked securities	735,119	*17*
3,071,112	Pooled investment vehicles	3,702,738	*17*
6,675	Direct Property	7,300	*17*
254,625	Cash deposits	422,003	*17*
46,842	Cash at bank	41,592	*17*
53,918	Other investment balances	58,153	*17*
	Investments liabilities		
-51,239	Other investment balances	-13,990	*17*
13,180,582	**Investments at 31 March**	**16,267,534**	
	Current assets		
54,197	Debtors	81,033	*20*
	Current liabilities		
-20,481	Creditors	-21,365	*21*
33,716	**Net current assets and liabilities**	**59,668**	
13,214,298	**Net assets of the scheme available to fund pension benefits**	**16,327,202**	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2021. This financial statement shows the net value of assets owned by the Fund, the actuarial calculation of the present value of promised retirement benefits is provided in note 12.

Note 1. Operations and Membership

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

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

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

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

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

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

Participating employers – There were 409 participating employers at 31st March 2021 (451 employers as at 31st March 2020) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2021 is 298,307 (31st March 2020 is 294,447).

At 31 March 2020	Profile of membership	At 31 March 2021
100,281	Active members	101,079
96,717	Pensioner members	100,869
97,449	Members with preserved pensions	96,359
294,447	**Total members**	**298,307**

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

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

Note 2. Actuary's Report

West Yorkshire Pension Fund
Statement of the Actuary for the year ended 31 March 2021

Introduction

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

Actuarial Position

1. The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £14,363.0M) covering 106% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.

2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:

- 18.0% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

Plus

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

Less

- 2.3% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 22 years from 1 April 2020 (which together with the allowance above comprises the secondary rate).

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

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

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

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

5. The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

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

▪ Medium risk admission bodies and higher risk scheduled bodies	3.80% p.a.
Ongoing Orphan funding target	1.60% p.a.
Rate of pay increases	3.35% p.a.
Rate of increase to pension accounts	2.10% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.10% p.a.

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

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

The assets were valued at market value.

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

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2N mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic HorizonsTM longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Core Projections Model (CMI2018), with a Sk of 7.5, Adjustment Parameter of 0.00 and 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	21.8	24.5
Current active members aged 45 at the valuation date	22.4	25.6

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Administering Authority, in conjunction with the Actuary, monitors the funding position on a regular basis.

8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 31 March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

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

- **Increases to Guaranteed Minimum Pensions (GMPs):**

  The 2019 valuation allows for the extension of the ‘interim solution’ for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. On 23 March 2021, the Government published a response to its consultation on the longer term solution to indexation and equalisation for GMPs and set out its proposal to extend the interim solution further to those reaching SPA after 5 April 2021.

  The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

- **Cost Management Process and McCloud judgement:**

  Initial results from the Scheme Advisory Board 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS was issued in July 2020.

  The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs of the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the final details of the LGPS changes arising from the 2016 cost management process have been agreed.

Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

- **Goodwin**

  An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

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

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

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

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

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

Aon Solutions UK Limited

April 2021

Note 3. Accounting policies

Basis of preparation
The statement of accounts summarises the Fund's financial activities for the 2020/21 financial year and its financial position at year-end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

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

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

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

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

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

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

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

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

Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed every three years per LGPS regulations and updated annually in the intervening years by the appointed actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, WYPF has opted to disclose the actuarial present value of promised retirement benefits as a note to the net assets statement (note 12).

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

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

Investment income

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

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

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

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

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

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

Financial assets
Financial assets are included in the net assets statement based on fair value or amortised cost. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From the date of recognition any gains or losses arising from changes in the fair value of assets held at fair value are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 18). For the purpose of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG / Investment Association, 2016).

Additional voluntary contributions (AVCs)
West Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Scottish Widows, Prudential and Utmost (Equitable Life) as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement from AVC providers showing the amount held in their AVC account and the movements in the year.

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

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

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

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

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

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

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

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

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

And

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

Contingent liabilities and contractual commitments

A contingent liability arises when an event has taken place that gives the Fund a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Assets Statement but disclosed in a note 24 to the accounts.

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

Investment transactions
Investment transactions occurring up to 31 March 2021 but not settled until later are accrued in the accounts.

Note 4. Critical judgments in applying accounting policies

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

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

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

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

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

Two types of events can be identified:

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

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

There have been no adjusting events since 31 March 2021 and up to the date when these accounts were authorised, that require any adjustments to these accounts. The market value movement of financial assets as a result the prevailing Covid-19 pandemic is a non-adjusting event, it is impossible to estimate the impact of Covid-19 on this financial statement.

Note 6. Contributions receivable by category:

Contributions from employers and employees:

2019-20 £000	Analysis of contributions receivable	2020-21 £000
319,830	Employers	353,385
122,143	Members	126,785
441,973	**Total contributions receivable**	**480,170**

Contributions by type of employer:

2019-20 £000	Analysis by type of employer	2020-21 £000
53,103	**Administering Authority**	52,806
350,280	**Scheduled bodies**	389,501
38,590	**Admitted bodies**	37,863
441,973	**Total contributions receivable**	**480,170**

Contributions are further analysed by type of contribution:

2019-20 £000	Contributions receivable by type	2020-21 £000
116,727	Employees normal contributions	122,673
5,416	Employees additional contributions	4,112
294,435	Employers normal contributions	313,057
25,395	Employers deficit contributions	40,328
441,973	**Total contributions receivable**	**480,170**

Employers' contribution rates and deficit contributions

Employer contributions receivable in 2020-21 were based on 31 March 2019 triennial valuation. At each triennial valuation (latest 31 March 2019) the Actuary calculates an employer rate for each employer. In addition to this some employers are also required to pay an additional monetary amount to cover any past service deficit, which is recoverable over an appropriate period.

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. The rates for 2020/21 base on pay in the financial year are provided below.

2020/21 Pay	Contribution rate
Up to £14,600	5.5%
£14,601 to £22,800	5.8%
£22,801 to £37,100	6.5%
£37,101 to £46,900	6.8%
£46,901 to £65,600	8.5%
£65,601 to £93,000	9.9%
£93,001 to £109,500	10.5%
£109,501 to £164,200	11.4%
£164,201 or more	12.5%

Note 7. Transfers in

2019-20 £000	Transfers in from other pension funds	2020-21 £000
38,664	Individual transfers in from other schemes	25,288
12,041	Bulk transfer in from other schemes	1,646
50,705	**Total transfers in**	**26,934**

Note 8. Non-statutory pensions and pensions increase recharged

2019-20 £000	Non-statutory pensions and pensions increase recharged	2020-21 £000
21,671	**Pensions**	**21,019**

The costs of added years granted by participating employers for early retirement together with associated inflation proofing costs are reimbursed to the Fund, by the employer, out of current revenues.

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

Note 9. Benefits payable

2019-20 £000	Analysis of benefits payable	2020-21 £000
	Funded pensions	
-388,929	Retired employees	-406,808
-34,926	Dependants	-33,611
	Funded lump sums	
-115,655	On retirement	-95,919
-13,572	On death	-13,739
-553,082	**Total Benefits Payable**	**-550,077**

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

2019-20 £000	Analysis of benefits payable by member body	2020-21 £000
-83,865	Administering Authority	-81,348
-412,990	Scheduled bodies	-415,221
-56,227	Admitted bodies	-53,508
-553,082	**Total benefits payable**	**-550,077**

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

2019-20 £000	Payments to and on account of leavers	2020-21 £000
-1,644	Refund of contributions	-1,266
-35,606	Individual transfers out to other schemes	-22,107
-37,250	**Total transfers out**	**-23,373**

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

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

2019-20 £000	Additional voluntary contributions	2020-21 £000
33,970	Value of funds at 1st April	12,800
6,112	Contributions received	425
144	Transfers and withdrawals	20
-1,206	Interest and bonuses / change in market value of assets	2,001
-6,155	Sale of investments to settle benefits due to members	-1,395
32,865	**Value of fund at 31st March**	**13,851**

The aggregate amounts of AVC investments are:

2019-20 £000	AVC investments	2020-21 £000
2,193	Utmost (Equitable Life)	2,090
20,065	Prudential	0
10,607	Scottish Widows	11,761
32,865	**Total**	**13,851**

Note 12. Actuarial present value of promised retirement benefits

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

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

The results as at 31 March 2019, together with the results as at 31 March 2016 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

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

McCloud / Sargeant judgement
The actuarial present value of the defined benefit obligation at 31 March 2019 includes an estimated liability in relation to the McCloud/Sargeant judgement of £33.15M. The McCloud / Sargeant judgement (December 2018) found that the transitional arrangements put in place when the firefighters' and judges' pension schemes were reformed constituted illegal discrimination. The Government has since committed to compensate members of all public service schemes who were illegally discriminated against. In relation to the LGPS in England and Wales all members joined the new 2014 Scheme for membership after 1 April 2014, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so their benefits earned after 1 April 2014 would be at least as valuable in terms of amount and when they could be drawn, as if they had remained in the 2008 Scheme. The remedy for the LGPS is expected to be consulted upon in the summer. The additional liability included within this note assumes the underpin will be extended to cover all members who were actively participating in the Scheme on 1 April 2012 (and not just those within 10 years of retirement) and will apply on retirement or the date of leaving service if earlier.

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

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

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

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

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

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

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

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

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

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

Key risks associated with reporting under IAS 26 and sensitivity

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

For example:

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

Post 31 March 2019 experience
Since 31 March 2019 the Fund's assets are likely to have fallen in value due to the emerging Covid-19 crisis. This crisis has also caused a reduction in corporate bond yields, which will have led to an increase in the value of the defined benefit obligation (liabilities) on an accounting basis. The impact on the net pensions asset will depend on the Fund's asset performance, but we would expect most LGPS Funds' IAS 26 balance sheet positions to have deteriorated over the year, with a higher IAS 26 deficit at 31 March 2020. It is too early to say what impact the higher rates of mortality will have on the funding position of the Fund. At

time of writing, ONS data is showing that the cumulative deaths in 2020 to date are well outside the range of the outcomes seen in recent years. The impact on longevity for the Fund's members will additionally be affected by the indirect impact of Covid-19, including the health of the surviving population, and the economic, social and political consequences of tackling Covid-19. In both of the above cases, the impact on longevity could be positive or negative.

Choice of accounting assumptions

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

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

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

We have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Sensitivity Analysis

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

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

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

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

Note 13. Management expenses

2019-20 £000	Management expenses	2020-21 £000
-4,763	Administration costs	-4,002
-6,698	Investment Management expenses	-5,129
-845	Oversight and Governance	-871
-12,306	**Total administrative expenses**	**-10,002**

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Investment management expenses above includes statutory audit fee of £37.4k (2019/20 £37.4k) is included on oversight and governance. The statutory audit fee does not include fees chargeable to the Fund for pension assurance work undertaken at the request of employer auditors, fees payable for this work total £14.9k (2019/20 £22k) and are recharged to the relevant employers. No other fees have been paid to the external auditor.

Investment management expenses is further analysed in Note 14.

The costs associated with the setting up and running Northern LGPS that relate specifically to WYPF are included within the administration costs above; the costs for the 2020/21 reporting period are £75.6k (2019/20 £106k).

Note 14. Investment expenses

2020-21	Total £000	Management fees £000	Performance fees £000	Transaction costs £000
Bonds	333	333	0	0
Equities	3,315	2,529	0	786
Index-linked securities	186	186	0	0
Pooled investment vehicles	963	936	0	27
Direct property	2	2	0	0
Cash deposits	128	128	0	0
	4,927	**4,114**	**0**	**813**
Custody fees	202			
Total	**5,129**			

2019-20	Total £000	Management fees £000	Performance fees £000	Transaction costs £000
Bonds	508	508	0	0
Equities	4,246	1,952	0	2,294
Index-linked securities	200	200	0	0
Pooled investment vehicles	1,125	1,125	0	0
Direct property	2	2	0	0
Cash deposits	110	110	0	0
	6,191	**3,897**	**0**	**2,294**
Custody fees	505			
Total	**6,696**			

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

with CIPFA guidance. All of the assets that WYPF hold are managed by a team of internal investment managers and as such we do not incur any performance fees.

Note 15. Investment income

2019-20 £000	Investment income	2020-21 £000
48,549	Income from bonds	39,418
382,045	Dividends from equities	272,289
3,683	Income from index-linked securities	3,532
26,435	Income from pooled funds	44,287
438	Income from direct property	449
3,134	Interest on cash deposits	1,184
464,284	**Total investment income**	**361,159**

Note 15a. Tax on income

2019-20 £000	Tax on income	2020-21 £000
-9,604	Tax on dividends	-7,919
885	HMRC receipt re GMP equalisation*	0
-8,719	**Total**	**-7,919**

*GMP – Guaranteed minimum pension one off payment in 2019/20

Note 16. Direct Property Holdings

At 31 March 2020 £000	Direct Property Holdings	At 31 March 2021 £000
7,250	**Opening balance**	6,675
	Additions:	
-575	Net Increase/ decrease in market value	625
6,675	**Closing value**	**7,300**

Note 17. Investments

Note 17a.Movement in the value of investments in 2020-21

	Opening value at 1 April 2020 £000	Purchases costs £000	Sales proceeds £000	*Change in Market value* £000	Closing value at 31 March 2021 £000
Bonds	1,387,188	335,004	-425,563	19,182	1,315,811
Equities	7,675,343	330,603	-260,462	2,253,324	9,998,808
Index linked securities	736,119	53,160	-52,570	-1,590	735,119
Pooled funds	3,071,112	326,236	-259,111	564,501	3,702,738
Direct property	6,675	0	0	625	7,300
Cash deposits	254,625	1,098,393	-931,008	-7	422,003
Cash at bank	46,842	0	-2,948	-2,302	41,592
Other investment debtors	53,918	0	4,235	0	58,153
Other investment creditors	-51,239	37,249	0	0	-13,990
Total investments	**13,180,582**	**2,180,645**	**-1,927,427**	**2,833,734**	**16,267,534**

Movement in the value of investments in 2019-20

	Opening value at 1 April 2019 £000	Purchases costs £000	Sales proceeds £000	Change in Market value £000	Closing value at 31 March 2020 £000
Bonds	1,423,760	526,028	-534,984	-27,618	1,387,187
Equities	8,802,300	574,944	-216,242	-1,485,659	7,675,343
Index-linked securities	679,524	69,071	-54,480	42,004	736,119
Pooled funds	3,088,561	326,682	-310,972	-33,159	3,071,112
Direct property	7,250	0	0	-575	6,675
Cash deposits	269,242	1,169,551	-1,192,117	7,949	254,625
Cash at bank	25,261	21,581	0	0	46,842
Other investment debtors	48,560	5,358	0	0	53,918
Other investment creditors	-15,356	0	-35,883	0	-51,239
Total investments	**14,329,102**	**2,693,215**	**-2,344,678**	**-1,497,058**	**13,180,582**

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

b. Analysis of Investments by security type

At 31 March 2020 £000	Analysis of investments closing market values	At 31 March 2021 £000
-	**Northern LGPS Assets- Equities**	**-**
	Bonds:	
926,917	Public sector quoted	782,562
460,271	Other quoted	533,249
1,387,188		**1,315,811**
7,675,343	**Equities**	**9,998,808**
736,119	**Index linked securities**	**735,119**
	Pooled funds:	
94,967	Hedge funds	105,585
609,425	Property	602,022
821,495	Equity	1,220,217
903,477	Private equity	1,047,999
641,748	Private equity infrastructure	722,915
3,071,112		**3,702,738**
6,675	**Direct Property**	**7,300**
254,625	**Cash deposits**	**422,003**
46,842	**Cash in bank**	**41,592**
53,918	**Other Investment assets**	**58,153**
-51,239	**Other Investment liabilities**	**-13,990**
13,180,582	**Total**	**16,267,534**

c. Stock Lending

2019-20 £000	Analysis of stock lending	2020-21 £000
	Income	
228	- Bonds	176
648	- UK equities	396
1,924	- International equities	1,782
-90	Expenditure	-76
2,710	**Total**	**2,278**

As at 31 March 2021, the value of stock on loan to market makers was £660m (31 March 2020 £890m) and this was covered by collateral totalling £702m (31 March 2020 £960m) which includes an appropriate margin. The collateral includes a basket of UK Equities (£163 million), United Kingdom Gilts (£159million), US Equities (£191 million) and Government Debt (£17 million).

Note 18. Fair Value – Basis of valuation

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

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted equities	Level 1	Listed investments are shown at bid prices. The bid value of the investments is based on the bid market quotation of the relevant stock exchange.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investment-overseas unit trusts and quoted property funds	Level 2	Closing bid price where bid and offer prices are published - closing single price where single price is published. Valuations for Property Funds are provided by Fund managers and where available closing bid price is used.	NAV - based pricing set on a forward pricing basis.	Not required
Pooled investments - hedge funds and unquoted property funds	Level 3	Closing bid price where bid and offer prices are published - closing single price where single price is published.	These are based on the net asset values provided by the fund managers. Values are normally received by West Yorkshire Pension Fund between 30 and 90 days after the month end to which they relate. The values reported in the financial statements are therefore based on December 2020 to March 2021, adjusted according to estimates of investment fund performance in March, as informed by fund managers. We gain assurance over valuations and capital statements provided by fund managers by comparing valuations to funds' audited accounts' Net Asset Values and updated capital statements provided in subsequent periods. In the case of delisted assets we use latest available price or price advised by investment managers.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end by CBRE independent valuers- *in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Standards and the RICS Valuation – Professional Standards UK January 2014 (revised July 2017) ("The Red Book").*	Existing lease terms - Independent market research - Nature of tenancies - Estimated growth - Assumed vacancy levels - Discount rate	Changes in rental growth, vacancy levels or discount rates could affect valuations as could changes to market prices.
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	These are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. They are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are performed annually and mainly as at the end of December. Cashflow adjustments are used to roll forward the valuations to 31 March as appropriate.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described in the table above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31st March 2021.

Sensitivity of assets valued at level 3	Assessed valuation range (+/-)	Value at 31 March 2021	Value on increase	Value on decrease
		£m	£m	£m
Pooled investments - hedge funds	10%	105.3	115.8	94.8
Property funds	10%	455.0	500.5	409.5
Direct property	10%	6.7	7.4	6.0
Private equity inc NLGPS	15%	1,545.2	1,777.0	1,313.4
Other assets	10%	55.2	60.7	49.7
		2,156.8	**2,449.8**	**1,863.8**

Sensitivity of assets valued at level 3	Assessed valuation range (+/-)	Value at 31 March 2020	Value on increase	Value on decrease
		£m	£m	£m
Pooled investments - hedge funds	10%	94.9	104.4	85.4
Property funds	10%	427.8	470.6	385.0
Direct property	10%	6.7	7.4	6.0
Private equity inc NLGPS	15%	1,552.9	1,785.8	1,320.0
Other assets	10%	26.2	28.8	23.6
		2,108.5	**2,397.0**	**1,820.0**

Financial instruments – valuation

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

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

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

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

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

Valuation hierarchy as at 31st March 2021

	At 31 March 2021			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets				
Financial assets at fair value through profit & loss	12,510	868	2,375	15,753
Financial assets at amortised cost	603	0	0	603
Total financial assets	**13,113**	**868**	**2,375**	**16,356**
Non financial assets at fair value through profit and loss				
Property	0	0	7	**7**
Financial liabilities				
Financial liabilities at amortised cost	-35	0	0	-35
Total financial liabilities	**-35**	**0**	**7**	**-28**
	13,078	**868**	**2,382**	**16,328**

Valuation hierarchy as at 31st March 2020

	At 31 March 2020			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets				
Financial assets at fair value through profit & loss	10,081	638	2,150	12,869
Financial assets at amortised cost	410	0	0	410
Total financial assets	**10,491**	**638**	**2,150**	**13,279**
Non financial assets at fair value through profit and loss				
Property	0	0	7	7
Financial liabilities				
Financial liabilities at amortised cost	-72	0	0	-72
Total financial liabilities	**-72**	**0**	**7**	**-65**
	10,419	**638**	**2,157**	**13,214**

Reconciliation of fair value measurements within level 3

	Market value 01-Apr-20	Purchases	Sales	Change in 2020/21 L2 to L3 assets	Change in market value	Market value 31-Mar-21
	£000	£000	£000	£000	£000	£000
Pooled investments - Hedge funds	94,683	0	0	0	10,645	105,328
Property funds	455,028	17,088	-7,623	0	-11,415	453,078
Direct property	6,675	0	0	0	625	7,300
Private equity(inc NLGPS)	1,545,224	303,950	-224,682	0	146,422	1,770,914
Other assets	55,244	123	-8,190	0	-1,628	45,549
	2,156,854	**321,161**	**-240,495**	**0**	**144,649**	**2,382,169**

Changes from Level 1 and Level 2 to Level 3 during 2020/21 are due to asset delisting or lack of observable inputs.

	Market value 01-Apr-19	Adj to 01-Apr-19 Assets L2 to L3	Purchases	Sales	Change in 2019/20 L2 to L3 assets	Change in market value	Market value 31-Mar-20
	£000	£000	£000	£000	£000	£000	£000

Pooled investments - Hedge funds	91,948	0	0	-81	0	2,816	94,683
Property funds	356,494	0	5,733	-19,961	113,791	-1,029	455,028
Direct property	7,250	0	0	0	0	-575	6,675
Private equity(inc NLGPS)	1,359,727	0	269,532	-206,210	0	122,175	1,545,224
Other assets	0	34,505	0	0	29,069	-8,330	55,244
	1,815,419	**34,505**	**275,265**	**-226,252**	**142,860**	**115,057**	**2,156,854**

Note 19. Financial instruments – classification

The following table analyses the carrying amounts of the financial assets and liabilities by category and by net asset statement heading as at 31st March 2021. The table also includes Direct Property (non-financial instrument) for completeness.

Note 19. Financial instruments – classification at 31st March 2021	**Fair value through profit & loss £000**	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**	**Total financial instruments £000**
Financial Assets				
Northern LGPS assets	0	0	0	0
Bonds	1,315,811	0	0	1,315,811
Equities	9,998,808	0	0	9,998,808
Index-linked securities	735,119	0	0	735,119
Pooled investment vehicles	3,702,738	0	0	3,702,738
Cash deposits	0	422,003	0	422,003
Cash at bank	0	41,592	0	41,592
Other investment balances	0	58,153	0	58,153
Debtors	0	81,033	0	81,033
Total financial assets	**15,752,476**	**602,781**	**0**	**16,355,257**
Financial Liabilities				
Other investment balances	0	0	-13,990	-13,990
Creditors	0	0	-21,365	-21,365
Total financial liabilities	**0**	**0**	**-35,355**	**-35,355**
Total	**15,752,476**	**602,781**	**-35,355**	**16,319,902**
Non-Financial instrument assets				
Direct Property	7,300	0	0	7,300
Total	**15,759,776**	**602,781**	**-35,355**	**16,327,202**

Note 19. Financial instruments – classification at 31st March 2020	**Fair value through profit & loss £000**	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**	**Total financial instruments £000**
Financial Assets				
Northern LGPS assets	0	0	0	0
Bonds	1,387,187	0	0	1,387,187

Equities	7,675,343	0	0	7,675,343
Index-linked securities	736,119	0	0	736,119
Pooled investment vehicles	3,071,112	0	0	3,071,112
Cash deposits	0	254,625	0	254,625
Cash at bank	0	46,842	0	46,842
Other investment balances	0	53,918	0	53,918
Debtors	0	54,197	0	54,197
Total financial assets	**12,869,761**	**409,582**	**0**	**13,279,343**
Financial Liabilities				
Other investment balances	0	0	-51,239	-51,239
Creditors	0	0	-20,481	-20,481
Total financial liabilities	**0**	**0**	**-71,720**	**-71,720**
Total	**12,869,761**	**409,582**	**-71,720**	**13,207,623**
Non-Financial instrument assets				
Direct Property	6,675	0	0	6,675
Total	**12,876,436**	**409,582**	**-71,720**	**13,214,298**

All net gains or losses on financial instruments are on those instruments classified as financial assets at fair value through profit or loss.

Note 20. Current assets

At 31 March 2020 £000	Debtors	At 31 March 2021 £000
	Debtors	
24,587	Contributions due from employees and employers	29,614
29,610	Other debtors	51,419
54,197	**Total current assets**	**81,033**

All debtors are trade debtors with payments due within 12 months.

Note 21. Current liabilities

At 31 March 2020 £000	Current liabilities	At 31 March 2021 £000
	Creditors	
-12,849	Unpaid benefits	-9,811
-7,632	Other current liabilities	-11,554
-20,481	**Total current liabilities**	**-21,365**

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 2020/21, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £444k in respect of support services provided (£444k in 2019/20). The support costs include a full year support for financial systems, payroll, HR, legal, internal audit and information technology services.

Employers
Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in note 27 of this report. Contributions in respect of March 2021 payroll are included within the debtors figure in note 20.

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

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

Key management personnel

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

IAS 24 requires entities to disclose key management personnel compensation. The Fund has identified key management personnel as the Director West Yorkshire Pension Fund and the Chief Executive of Bradford Council. The combined compensation for these officers, attributable to West Yorkshire Pension Fund, is £143k (2019/20 £128k). Details of the remuneration for these two posts are included in Note 33 of the City of Bradford Metropolitan District Council's statement of accounts.

Note 23. Nature and extent of risks arising from financial instruments

Risk and risk management
The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension Fund risk management programme.

The management of risk is set out in the Fund's Statement of Investment Principles, which in turn is driven by the Funding Strategy Statement. The full text of these statements can be found at the end of this document and also at www.wypf.org.uk

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

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

a) Market risk

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

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

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

The Fund's equity holdings are spread across more than 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 is controlled by the in-house investment management team through the setting of appropriate limits for exposure with any individual organisation.

b) Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund's investment strategy.

Price risk – sensitivity analysis
Potential price changes are determined based on the observed historical volatility of asset class returns. Riskier assets such as equities will display greater potential volatility than bonds for example, so the overall outcome will depend largely on asset allocation. The Fund has determined that the following movements in market price risk are reasonably possible for the 2020/21 reporting period.

Asset type	Potential market movement +/- (%pa)	Potential market movement +/- (%pa)
UK bonds	7.00	-2.40
Overseas bonds	-5.80	9.30
UK index-linked	0.90	3.60
Overseas index-linked	0.90	3.60
UK equities	31.20	-18.80
Overseas equities	39.30	-7.50
Pooled funds UK equities	31.20	-18.80
Pooled funds overseas Equities	39.30	-7.50
Pooled funds UK properties	-1.70	3.10
Pooled funds overseas properties	-1.70	3.10
Pooled funds UK hedge fund	11.20	8.50
Pooled funds UK private equities	5.40	12.90
Pooled funds overseas private equities	5.40	12.90
Pooled funds UK private equity infrastructure	0.80	4.50
Pooled funds overseas private equity infrastructure	0.80	4.50
Direct property	16.60	7.30
Cash certificate of deposits	1.50	2.00
Cash at bank	1.50	2.00
Other investment assets	1.50	2.00
Other investment liabilities	1.50	2.00

Asset type	Value as at 31-Mar-21 £000	Value as at 31-Mar-20 £000
UK bonds	991,700	1,034,817
Overseas bonds	324,111	352,371
UK index-linked	645,331	640,816
Overseas index-linked	89,788	95,303
UK equities	4,453,871	3,597,663
Overseas equities	5,544,937	4,077,680
Pooled funds UK equities	586,529	386,929
Pooled funds overseas Equities	633,687	434,566
Pooled funds UK properties	529,604	522,465
Pooled funds overseas properties	76,419	86,960
Pooled funds UK hedge fund	105,585	94,967
Pooled funds UK private equities	676,465	541,736
Pooled funds overseas private equities	371,534	361,741
Pooled funds UK private equity infrastructure	639,404	584,255
Pooled funds overseas private equity infrastructure	83,511	57,492
Direct property	7,300	6,675
Cash certificate of deposits	422,003	254,625
Cash bank	41,592	46,842
Other investment assets	58,153	53,918
Other investment liabilities	-13,990	-51,239
Total Investment Assets	**16,267,534**	**13,180,582**

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

Asset type	Value as at 31-Mar-21	Percentage change	Value on increase	Value on decrease

	£000	%	£000	£000
UK bonds	991,700	7.00	1,061,119	922,281
Overseas bonds	324,111	-5.80	305,313	342,909
UK index-linked	645,331	0.90	651,139	639,523
Overseas index-linked	89,788	0.90	90,596	88,980
UK equities	4,453,871	31.20	5,843,479	3,064,263
Overseas equities	5,544,937	39.30	7,724,097	3,365,777
Pooled funds UK equities	586,529	31.20	769,526	403,532
Pooled funds overseas Equities	633,687	39.30	882,726	384,648
Pooled funds UK properties	529,604	-1.70	520,601	538,607
Pooled funds overseas properties	76,419	-1.70	75,120	77,718
Pooled funds UK hedge fund	105,585	11.20	117,411	93,759
Pooled funds UK private equities	676,465	5.40	712,994	639,936
Pooled funds overseas private equities	371,534	5.40	391,597	351,471
Pooled funds UK private equity infrastructure	639,404	0.80	644,519	634,289
Pooled funds overseas private equity infrastructure	83,511	0.80	84,179	82,843
Direct property	7,300	16.60	8,512	6,088
Cash certificate of deposits	422,003	1.50	428,333	415,673
Cash bank	41,592	1.50	42,216	40,968
Other investment assets	58,153	1.50	59,025	57,281
Other investment liabilities	-13,990	1.50	-14,200	-13,780
Total Investment Assets	**16,267,534**		**20,398,302**	**12,136,766**

Asset type	Value as at 31-Mar-20	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK bonds	1,034,817	-2.40	1,009,981	1,059,653
Overseas bonds	352,371	9.30	385,142	319,600
UK index-linked	640,816	3.60	663,885	617,747
Overseas index-linked	95,303	3.60	98,734	91,872
UK equities	3,597,663	-18.80	2,921,302	4,274,024
Overseas equities	4,077,680	-7.50	3,771,854	4,383,506
Pooled funds UK equities	386,929	-18.80	314,186	459,672
Pooled funds overseas Equities	434,566	-7.50	401,974	467,160
Pooled funds UK properties	522,465	3.10	538,661	506,269
Pooled funds overseas properties	86,960	3.10	89,656	84,264
Pooled funds UK hedge fund	94,967	8.50	103,039	86,895
Pooled funds UK private equities	541,736	12.90	611,620	471,852
Pooled funds overseas private equities	361,741	12.90	408,406	315,076
Pooled funds UK private equity infrastructure	584,255	4.50	610,546	557,964
Pooled funds overseas private equity infrastructure	57,492	4.50	60,079	54,905
Direct property	6,675	7.30	7,162	6,188
Cash certificate of deposits	254,625	2.00	259,718	249,533
Cash bank	46,842	2.00	47,779	45,905
Other investment assets	53,918	2.00	54,996	52,840
Other investment liabilities	-51,239	2.00	-52,264	-50,214
Total Investment Assets	**13,180,582**		**12,306,456**	**14,054,711**

c) Interest rate risk

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

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

The fund's direct exposure to interest rate movements as at 31 March 2021 and 31 March 2020 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

At 31 March 2020 £000	Asset type	At 31 March 2021 £000
1,387,188	Bonds	1,315,811
254,625	Cash deposits	422,003
46,842	Cash at bank	41,592
1,688,655	**Total**	**1,779,406**

Interest rate risk - sensitivity analysis

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

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

Asset type	Value at 31 March 2021 £000	Value on Increase +100BPS £000	Value on decrease -100BPS £000
Bonds	1,315,811	1,328,969	1,302,653
Cash deposits	422,003	426,223	417,783
Cash at bank	41,592	42,008	41,176
Total change in assets available	**1,779,406**	**1,797,200**	**1,761,612**
Asset type	**Value at 31 March 2020 £000**	**Value on Increase +100BPS £000**	**Value on decrease -100BPS £000**
Bonds	1,387,188	1,401,060	1,373,316
Cash deposits	254,625	257,171	252,079
Cash at bank	46,842	47,310	46,374
Total change in assets available	**1,688,655**	**1,705,541**	**1,671,769**

d) Currency risk

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

The following tables summarise the Fund's currency exposure as at 31 March 2021 and 31 March 2020:

Currency exposure - asset type	Value as at 31st March 2021 £000	Value as at 31st March 2020 £000
Overseas bonds	324,111	352,371

Overseas index-linked	89,788	95,303
Overseas equities	5,544,937	4,077,680
Pooled funds overseas Equities	633,687	434,567
Pooled funds overseas properties	76,419	86,960
Pooled funds overseas private equities	371,534	361,741
Pooled funds overseas private equity infrastructure	83,511	57,492
Total overseas assets	**7,123,988**	**5,466,114**

Currency risk – sensitivity analysis

Following analysis of historical data the Fund considers the likely volatility associated with foreign exchange rate movements to be 6.0%, (2019/20 6.0%). A 6.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Asset type	Value at 31-Mar-21 £000	Value on increase £000	Value on decrease £000
Overseas bonds	324,111	343,558	304,664
Overseas index-linked	89,788	95,175	84,401
Overseas equities	5,544,937	5,877,633	5,212,241
Pooled funds overseas Equities	633,687	671,708	595,666
Pooled funds overseas properties	76,419	81,004	71,834
Pooled funds overseas private equities	371,534	393,826	349,242
Pooled funds overseas private equity infrastructure	83,511	88,522	78,500
Total overseas assets	**7,123,987**	**7,551,426**	**6,696,548**

Asset type	Value at 31-Mar-20 £000	Value on increase £000	Value on decrease £000
Overseas bonds	352,371	373,513	331,229
Overseas index-linked	95,303	101,021	89,585
Overseas equities	4,077,680	4,322,341	3,833,019
Pooled funds overseas Equities	434,567	460,641	408,493
Pooled funds overseas properties	86,960	92,178	81,742
Pooled funds overseas private equities	361,741	383,445	340,037
Pooled funds overseas private equity infrastructure	57,492	60,942	54,042
Total overseas assets	**5,466,114**	**5,794,081**	**5,138,147**

e) Credit risk

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

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

f) Liquidity risk

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

Note 24. Contractual commitments

At 31 March 2021 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31st March 2021	Un-drawn commitments
	£m	£m
Private equity	1,771	1,237
Property funds	606	76
Total	**2,377**	**1,313**

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

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

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

Note 25. Accounting Developments

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

- **IFRS 9 Financial Instruments:** the updated standard deals with concerns about how IFRS 9 classifies particular prepayable financial assets. In addition, the IASB clarified an aspect of the accounting for financial liabilities following a modification.
- **IAS 19 Employee Benefits:** the latest amendment harmonises accounting practices and provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.
- **IFRIC 23 Uncertainty over Income Tax Treatment:** the latest update deals with uncertainty over income tax treatments.
- **IAS 28 Long-term interests in Associates and Joint Ventures:** the latest amendments provide clarity that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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

Note 26. Investment Strategy Statement

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

Note 27. List of Participating Employers Contributing to the Fund
In 2020/21 451 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	BOLTON BROW PRIMARY ACADEMY
LEEDS CITY COUNCIL	BOOTHROYD PRIMARY ACADEMY
CALDERDALE M.B.C	BRADFORD ACADEMY
KIRKLEES M.C	BRADFORD COLLEGE
WAKEFIELD M.D.C	BRADFORD DIOCESAN ACADEMIES TRUST
ABBEY MULTI ACADEMY TRUST	BRADFORD DISTRICT CREDIT UNION
ABSOLUTELY CATERING LIMITED (BATLEY MAT)	BRADSHAW PRIMARY SCHOOL
ABSOLUTELY CATERING LTD (BGS)	BRAMLEY PARK ACADEMY (left 31/03/20)
ACCORD MULTI ACADEMY TRUST	BRAMLEY ST PETERS C OF E SCHOOL
ACKWORTH PARISH COUNCIL	BRIGHOUSE ACADEMY
ACTIVE CLEANING LTD (CROFTON ACADEMY)	BRIGHTER FUTURES ACADEMY TRUST
ADDINGHAM PARISH COUNCIL	BRIGSHAW LEARNING PARTNERSHIP
ADEL ST JOHN THE BAPTIST C E (V A) PRIMARY SCHOOL	BRITISH GAS SOCIAL HOUSING LTD
AFFINITY TRUST (left 31/03/20)	BRODETSKY JEWISH (V A) PRIMARY SCHOOL
AIREBOROUGH LEARNING PARTNERSHIP TRUST	BRONTE ACADEMY TRUST
ALL SAINTS C E J & I SCHOOL	BROOKSBANK SCHOOL SPORTS COLLEGE
ALL SAINTS RICHMOND HILL CHURCH OF ENGLAND PRIMARY SCHOOL	BULLOUGH CONTRACT SERVICES (LEEDS CITY COLLEGE)
AMEY COMMUNITY LTD BRADFORD BSF PHASE 2 FM SERVICES	BURLEY PARISH COUNCIL
AMEY COMMUNITY LTD FM SERVICES	BURNLEY ROAD ACADEMY
AMEY INFRASTRUCTURE SERVICES LTD (WAKEFIELD)	C AND K CAREERS LTD
APCOA PARKING (UK) LIMITED	CAFCASS
ARAMARK LIMITED	CALDER HIGH SCHOOL
ARCADIS (UK) LTD	CALDERDALE COLLEGE
ARTS COUNCIL ENGLAND	CALVERLEY C OF E PRIMARY SCHOOL
ASPENS SERVICES LTD	CARDINAL HEENAN CATHOLIC HIGH SCHOOL
ASPENS SERVICES LTD (APPLETON ACADEMY)	CARE QUALITY COMMISSION
ASPENS SERVICES LTD (OASIS ACADEMY)	CARR MANOR COMMUNITY SCHOOL
ASPIRE COMMUNITY BENEFIT SOCIETY LTD	CARROLL CLEANING CO LTD (LAPAGE PRIMARY SCHOOL)
ASPIRE-I	CARROLL CLEANING CO LTD (LEE MOUNT PRIMARY SCHOOL)
ASPIRE-IGEN LTD	CARROLL CLEANING COMPANY (NESSFIELD PRIMARY SCHOOL)
B B G ACADEMY	CARROLL CLEANING COMPANY LIMITED (FRIZINGHALL)
BAILDON TOWN COUNCIL	CARROLL CLEANING COMPANY LIMITED (THORNBURY)
BANKSIDE PRIMARY SCHOOL	CARROLL CLEANING COMPANY LTD (BIRKENSHAW PRIMARY SCHOOL)
BANKSIDE PRIMARY SCHOOL	CARROLL CLEANING COMPANY LTD (HOLY TRINITY PRIMARY)
BARDSEY PRIMARY FOUNDATION SCHOOL	CARROLL CLEANING COMPANY LTD (PEEL PARK PRIMARY SCHOOL)

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

CORPUS CHRISTI CATHOLIC COLLEGE	HF TRUST LIMITED (left 31/03/20)
CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL	HILL TOP FIRST SCHOOL
COTTINGLEY PRIMARY ACADEMY	HOLLY BANK TRUST
CRAFT CENTRE & DESIGN GAL. LTD	HOLME VALLEY PARISH COUNCIL
CREATIVE SUPPORT LIMITED	HOLY FAMILY CATHOLIC (VA) PRIMARY SCHOOL
CRESCENT PURCHASING LTD	HOLY ROSARY AND ST ANNES CATHOLIC PRIMARY SCHOOL
CRIGGLESTONE ST JAMES CE PRIMARY ACADEMY	HOLY TRINITY PRIMARY C OF E ACADEMY
CROFTON ACADEMY	HORBURY BRIDGE CE J AND I SCHOOL
CROSSLEY HALL PRIMARY SCHOOL	HORSFORTH SCHOOL ACADEMY
CROW LANE PRIMARY AND FOUNDATION STAGE SCHOOL	HORSFORTH TOWN COUNCIL
DARRINGTON C OF E PRIMARY SCHOOL	HORTON HOUSING ASSOCIATION (BRADFORD)
DEIGHTON GATES PRIMARY FOUNDATION SCHOOL	HUDDERSFIELD NEW COLLEGE
DELTA ACADEMIES TRUST	HUGH GAITSKELL PRIMARY SCHOOL TRUST
DENBY DALE PARISH COUNCIL	HUMANKIND CHARITY (LEEDS)
DIXONS ACADEMIES CHARITABLE TRUST LTD	HUNSLET ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL
Dolce (Bishop Konstant C.A.T)	HUNSLET ST MARYS C E (VA) PRIMARY SCHOOL
EAST NORTH EAST HOMES LEEDS	HUTCHISON CATERING LTD (GUISELEY SCHOOL)
EBOR GARDENS PRIMARY ACADEMY (left 31/03/20)	I S S MEDICLEAN LTD
ELEMENTS PRIMARY SCHOOL	ILKLEY PARISH COUNCIL
ELEVATE MULTI ACADEMY TRUST	IMMACULATE HEART OF MARY CATHOLIC PRIMARY SCHOOL
ELITE CLEANING AND ENVIRONMENTAL SERVICES LTD	IMPACT EDUCATION MULTI ACADEMY TRUST
ENGIE SERVICES LTD	INCOMMUNITIES
ENHANCE ACADEMY TRUST	INNOVATE SERVICES LTD (CROSSFLATTS)
ENTERPRISE MANAGED SERVICES LTD	INSPIRE PARTNERSHIP MULTI ACADEMY TRUST
ENVIROSERVE (CALDER HIGH SCHOOL)	INTERACTION AND COMMUNICATION ACADEMY TRUST
ENVIROSERVE (EBOR GARDENS PRIMARY ACADEMY)	INTERACTION AND COMMUNICATION ACADEMY TRUST (HIGH PARK)
ENVIROSERVE (JOSEPH NORTON ACADEMY)	INTERSERVE (FACILITIES MANAGEMENT) LTD
INTERSERVE (FACILITIES MANAGEMENT) LTD (P.C.C FOR WEST YORKSHIRE) (left 31/03/20)	LOCALA (CALDERDALE)
INTERSERVE (FACILITIES MANAGEMENT) LTD (W Y POLICE CLEANING CONTRACT)	LONGROYDE JUNIOR SCHOOL
INTERSERVE CATERING SERVICES LIMITED	MAKING SPACE
INTERSERVE INTEGRATED SERVICES LTD	MAST ACADEMY TRUST
IQRA ACADEMY	MEANWOOD C E (VA) PRIMARY SCHOOL
IQRA ACADEMY (FEVERSHAM EDUCATION TRUST)	MEARS LTD (SOUTH)
JERRY CLAY ACADEMY	MEARS LTD (WEST)
JOHN SMEATON ACADEMY	MELLORS CATERING SERVICES (SOUTHFIELD GRANGE)

JOSEPH NORTON ACADEMY (left 31/03/20)	MELLORS CATERING SERVICES LTD (CAVENDISH PRIMARY)
KEELHAM PRIMARY SCHOOL	MELTHAM TOWN COUNCIL
KEEPMOAT PROPERTY SERVICES LIMITED	MENSTON PARISH COUNCIL
KEIGHLEY TOWN COUNCIL	MICKLEFIELD PARISH COUNCIL
KHALSA SCIENCE ACADEMY	MINSTHORPE ACADEMY TRUST
KILLINGHALL PRIMARY SCHOOL	MITIE LIMITED (LEEDS SCHOOLS PFI)
KING JAMES'S SCHOOL	MITIE PFI LIMITED
KIRKBURTON PARISH COUNCIL	MOORLANDS LEARNING TRUST
KIRKLEES ACTIVE LEISURE	MORLEY TOWN COUNCIL
KIRKLEES CITIZENS ADVICE AND LAW CENTRE	MOUNT ST MARYS CATHOLIC HIGH SCHOOL
KIRKLEES COLLEGE	MOUNTAIN HEALTHCARE LTD (W Y POLICE)
KIRKLEES NEIGHBOURHOOD HSE LTD	MYRTLE PARK PRIMARY SCHOOL
KIRKSTALL ST STEPHENS C E (VA) PRIMARY SCHOOL	N.I.C. SERVICES GROUP LIMITED (MIDDLETON ST MARYS LEEDS)
LADY ELIZABETH HASTINGS SCHOOL	NATIONAL COAL MINING MUSEUM FOR ENGLAND
LAISTERDYKE LEADERSHIP ACADEMY	NEW COLLABORATIVE LEARNING TRUST
LANE END PRIMARY TRUST	NINELANDS PRIMARY SCHOOL
LEARNING ACCORD MULTI ACADEMY TRUST	NORMANTON TOWN COUNCIL
LEEDS AND BRADFORD INTERNATIONAL AIRPORT	NORTH HALIFAX GRAMMAR ACADEMY
LEEDS APPROPRIATE ADULT SERVICE	NORTH HALIFAX PARTNERSHIP LTD
LEEDS ARTS UNIVERSITY	NORTHERN AMBITION ACADEMIES TRUST
LEEDS BECKETT UNIVERSITY	NORTHERN EDUCATION TRUST
LEEDS C.A.B.	NORTHERN SCH.OF CONTEMP DANCE
LEEDS CENTRE FOR INTEGRATED LIVING	NORTHERN STAR ACADEMIES TRUST
LEEDS CITY ACADEMY	NORTHORPE HALL CHILD AND FAMILY TRUST
LEEDS CITY COLLEGE	NOTRE DAME SIXTH FORM COLLEGE
LEEDS COLLEGE OF BUILDING	NPS LEEDS LIMITED
LEEDS COLLEGE OF MUSIC	NURTURE ACADEMIES TRUST
LEEDS EAST PRIMARY PARTNERSHIP TRUST	OASIS ACADEMY LISTER PARK
LEEDS GRAND THEATRE & OPERA HSE	OFSTED
LEEDS JEWISH FREE SCHOOL	OLD EARTH ACADEMY
LEEDS M.I.N.D	ONE IN A MILLION FREE SCHOOL
LEEDS NORTH WEST EDUCATION PARTNERSHIP	OPEN COLLEGE NETWORK YORKS & HUMBER (TRADING AS CERTA)
LEEDS SOCIETY FOR THE DEAF & BLIND	OSSETT TRUST
LEEDS TRINITY UNIVERSITY	OTLEY TOWN COUNCIL
LEODIS ACADEMIES TRUST	OUR LADY OF GOOD COUNSEL CATHOLIC PRIMARY SCHOOL
LIBERTY GAS OUTER WEST	OUTWOOD ACADEMY FREESTON
LIBERTY GAS WEST	OUTWOOD ACADEMY HEMSWORTH

LIDGET GREEN COMMUNITY CO-OPERATIVE LEARNING TRUST	OUTWOOD ACADEMY WAKEFIELD CITY
LIGHTHOUSE SCHOOL	OUTWOOD GRANGE ACADEMY
LINDLEY C E INFANT ACADEMY	OUTWOOD PRIMARY ACADEMY BELL LANE
LINDLEY JUNIOR SCHOOL ACADEMY TRUST	OUTWOOD PRIMARY ACADEMY KIRKHAMGATE
LOCALA	OUTWOOD PRIMARY ACADEMY LEDGER LANE
OUTWOOD PRIMARY ACADEMY LOFTHOUSE GATE	SITLINGTON PARISH COUNCIL
OUTWOOD PRIMARY ACADEMY NEWSTEAD GREEN	SKILLS FOR CARE LIMITED
OUTWOOD PRIMARY ACADEMY PARK HILL	SODEXO LTD
OWLCOTES MULTI ACADEMY TRUST	SOUTH ELMSALL TOWN COUNCIL
PADDOCK JUNIOR INFANT AND NURSERY SCHOOL	SOUTH HIENDLEY PARISH COUNCIL
PENNINE ACADEMIES YORKSHIRE	SOUTH KIRKBY AND MOORTHORPE TOWN COUNCIL
PINNACLE (W Y POLICE)	SOUTH OSSETT INFANTS ACADEMY
PINNACLE FM LIMITED (KIRKLEES)	SOUTH PENNINE ACADEMIES
PINNACLE FM LTD	SOUTHFIELD GRANGE TRUST
PONTEFRACT ACADEMIES TRUST	SOUTHWAY AT THE RODILLIAN ACADEMY LTD
POOL PARISH COUNCIL	SPEN VALLEY FOUNDATION TRUST
POSSABILITIES CIC	SPIE LTD
PRIESTHORPE SCHOOL TRUST	SPRINGWELL ACADEMY LEEDS (left 31/03/20)
PRIESTLEY ACADEMY TRUST	SSE CONTRACTING LTD
PRIMROSE LANE PRIMARY FOUNDATION SCHOOL	ST ANNE'S (BRADFORD) COMMUNITY SERVICES
PROGRESS TO CHANGE (CARDIGAN HOUSE)	ST ANNE'S COMMUNITY SERVICES
PROGRESS TO CHANGE (RIPON HOUSE)	ST ANTHONYS CATHOLIC (VA) PRIMARY SCHOOL
PROSPECTS SERVICES (BRADFORD 3)	ST AUGUSTINES CATHOLIC PRIMARY SCHOOL
PROV CARLTON BOLLING COLLEGE	ST EDWARDS CATHOLIC (VA) PRIMARY SCHOOL
PROV NORSE COMMERCIAL SERVICES LTD (WELLSPRING ACADEMY TRUST)	ST FRANCIS CATHOLIC PRIMARY SCHOOL
PROV WRAT CLEANING CONTRACT	ST FRANCIS OF ASSISI CATHOLIC (VA) PRIMARY SCHOOL
PUDSEY GRANGEFIELD SCHOOL	ST GREGORY THE GREAT CATHOLIC ACADEMY TRUST
PUDSEY SOUTHROYD PRIMARY SCHOOL TRUST	ST JOHN'S (CE) PRIMARY ACADEMY TRUST
RAINBOW PRIMARY FREE SCHOOL	ST JOHN'S APPROVED PREMISES LIMITED
RASTRICK HIGH SCHOOL ACADEMY TRUST	ST JOHN'S PRIMARY ACADEMY RISHWORTH
RAWDON PARISH COUNCIL	ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL WETHERBY
RED KITE LEARNING TRUST (HARROGATE HR HUB)	ST JOSEPHS RC PRIMARY SCHOOL (TODMORDEN) RCAT
RED KITE LEARNING TRUST (LEEDS EAST HR HUB)	ST MATTHEWS C E PRIMARY SCHOOL
REEVY HILL PRIMARY SCHOOL	ST MICHAEL & ALL ANGELS J & I
RENEWI UK SERVICES LIMITED	ST NICHOLAS CATHOLIC PRIMARY SCHOOL
RODILLIAN ACADEMY	ST OSWALDS CHURCH OF ENGLAND PRIMARY SCHOOL
ROOK'S NEST ACADEMY	ST PATRICKS CATHOLIC (VA) PRIMARY SCHOOL
ROTHWELL ST MARYS CATHOLIC (VA) PRIMARY SCHOOL	ST PAULS CATHOLIC (VA) PRIMARY SCHOOL (left 31/03/20)
ROUNDHAY ST JOHNS C E (VA) PRIMARY SCHOOL	ST PETERS C E PRIMARY SCHOOL

ROYDS COMMUNITY ASSOCIATION	ST PHILIPS CATHOLIC PRIMARY SCHOOL
ROYDS LEARNING TRUST	ST THERESAS CATHOLIC PRIMARY SCHOOL
RUSSELL HALL FIRST SCHOOL	ST URBANS CATHOLIC (VA) PRIMARY SCHOOL
RYBURN VALLEY ACADEMY	ST VINCENT DE PAUL SOCIETY (ENGLAND & WALES)
RYHILL PARISH COUNCIL	STAR ACADEMIES TRUST
SACRED HEART CATHOLIC (VA) PRIMARY SCHOOL	STRAWBERRY FIELDS PRIMARY SCHOOL
SALENDINE NOOK ACADEMY TRUST	SUEZ RECYCLING AND RECOVERY UK LIMITED
SALTERLEE ACADEMY TRUST	TAYLOR SHAW LIMITED (GORSE ACADEMIES TRUST)
SALTERLEE J & I SCHOOL	TAYLOR SHAW LIMITED (GORSE AT ELLIOTT HUDSON COLLEGE)
SCOUT ROAD ACADEMY	TAYLORSHAW LTD (COOKRIDGE HOLY TRINITY SCHOOL)
SEA FISH INDUSTRY AUTHORITY	TAYLORSHAW LTD (CROSSGATES BEECHWOOD WHITELAITH)
SERVEST (B B G ACADEMY)	TAYLORSHAW LTD (FIELDHEAD GRIMES MANSTON)
SHARE MULTI ACADEMY TRUST	TAYLORSHAW LTD (PARKLANDS PRIMARY)
SHIBDEN HEAD PRIMARY ACADEMY	TAYLORSHAW LTD (SWARCLIFFE PRIMARY SCHOOL)
SHIPLEY COLLEGE	THE ANAH PROJECT
SHIRLEY MANOR PRIMARY ACADEMY	THE BISHOP KONSTANT CATHOLIC TRUST
THE BISHOP WHEELER CATHOLIC ACADEMY TRUST	UNIVERSITY OF HUDDERSFIELD
THE CO-OPERATIVE ACADEMIES TRUST	UNIVERSITY TECHNICAL COLLEGE LEEDS
THE CROSSLEY HEATH ACADEMY TRUST	VICTORIA PRIMARY ACADEMY (left 31/03/20)
THE FAMILY OF LEARNING TRUST	W.Y. FIRE & RESCUE AUTHORITY
THE GORSE ACADEMIES TRUST	WAKEFIELD & DISTRICT HOUSING LTD
THE GREETLAND ACADEMY TRUST	WAKEFIELD CITY ACADEMIES TRUST
THE JOHN CURWEN CO-OPERATIVE PRIMARY ACADEMY	WAKEFIELD COLLEGE
THE LANTERN LEARNING TRUST	WAKEFIELD M.D.C. COUNCILLORS
THE MFG ACADEMIES TRUST	WATERTON ACADEMY TRUST
THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE	WEST YORKSHIRE COMBINED AUTHORITY
THORNHILL JUNIOR AND INFANT SCHOOL	WEST. YORKS. POLICE CIVILIAN
THORNTON PRIMARY SCHOOL	WESTWOOD PRIMARY SCHOOL TRUST
THORP ARCH LADY ELIZABETH HASTINGS C E (VA) PRIMARY SCHOOL	WETHERBY HIGH SCHOOL
TNS CATERING (SPTA)	WETHERBY TOWN COUNCIL
TNS CATERING MAN LTD (ST BOTOLPHS)	WHINMOOR ST PAULS C E PRIMARY SCHOOL
TODMORDEN TOWN COUNCIL	WHITEHILL COMMUNITY ACADEMY
TOGETHER HOUSING ASSOCIATION LTD (GREENVALE)	WILLIAM HENRY SMITH SCHOOL
TOGETHER HOUSING ASSOCIATION LTD (PENNINE)	WILSDEN PRIMARY SCHOOL
TONG LEADERSHIP ACADEMY	WOLSELEY UK LTD
TRINITY ACADEMY HALIFAX	WOODKIRK ACADEMY
TURNING LIVES AROUND	WOODSIDE ACADEMY
TURNING POINT (left 31/03/20)	WORTH VALLEY PRIMARY SCHOOL
TURNING POINT (WAKEFIELD)	WRAT - LEEDS EAST ACADEMY

UNITED RESPONSE	WRAT - LEEDS WEST ACADEMY
UNIVERSITY ACADEMY KEIGHLEY	YORKSHIRE PURCHASING ORGANISATION
UNIVERSITY OF BRADFORD	

This glossary is provided to assist the reader. It offers an explanation of terms in common use in relation to local authority finance, many of which are used within this document.

Accruals

Income and expenditure are recognised as they are earned or incurred. When income is due to the Council but has not been received an accrual is made for the debtor. When the Council owes money but the payment has not been made an accrual is made for the creditor.

Assets Held for Sale

These are assets previously used in the provision of services by the Council which are now available for immediate sale. The assets are being actively marketed and a sale is probable.

Associated Company

A company over which the Council is able to exercise significant influence (see also Group Accounts).

Capital Adjustment Account

The Capital Adjustment Account (CAA) was set up in 2008-9 following UK GAAP accountancy changes and replaces the Capital Financing Account. It is required to ensure that both sides of the Balance Sheet remain in balance, and increases and decreases in asset valuations are credited and debited to this account as appropriate following asset revaluations.

Capital Charges

Charges to services for the use of assets. They comprise depreciation, based on the current value of the assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets, or which adds to, and not merely maintains, the value to the Council of existing fixed assets. Fixed assets provide economic benefits to the Council for a period in excess of one year.

Capital Financing Requirement

A measure defined by the Prudential Code of the Council's level of borrowing for capital purposes. It is based on the Balance Sheet of the Council. It is the basis for calculating the charge to be made to revenue for debt repayment each year (see Minimum Revenue Provision).

Capital Receipts

Income from the disposal of land and other assets and from the repayment of grants and loans made to others for capital purposes. The income can only be used either to finance new capital spending or to reduce the capital financing requirement through the repayment of debt.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

This document is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Collection Fund

The fund deals with the collection and distribution of Council Tax and non-domestic rates. Surpluses may arise from time to time if the amounts collected from Council Tax (and its predecessor, community charge) exceed estimates. Such surpluses cannot be used directly to fund expenditure, but can be taken into account through the budget process and used to reduce Council Tax.

Community Assets

Assets such as parks and historic buildings that the Council intends to hold in perpetuity and that may have restrictions on their disposal.

Consistency

The concept that the accounting treatment of any given item will remain consistent between accounting years and that any necessary change will be made clear to the reader of the statement of accounts.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the Balance Sheet.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Depreciation

A capital charge made to services for the use of fixed assets in the provision of services. It represents the depletion of the useful life of an asset and the consequent reduction in its value.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the leased assets are recognised on the Balance Sheet of the lessee.

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

Financial Reporting Standards (FRS)
Accounting practice to be followed in the preparation of accounting statements in the years prior to 2010-11. For example FRS17 governs the way in which pension liabilities must be presented in the accounts. From 2010-11 onwards FRS will be fully replaced by IFRS (International Financial Reporting Standards), see below.

General Fund
All services other than those which authorities are required to account for separately in a Housing Revenue Account or Collection Fund.

General Reserves and Balances
Monies held by the Council to deal with unforeseen events that might arise. The Council must maintain a prudent level of such balances.

Group Accounts
Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the Council's own accounts to present a complete picture of the Council's activities.

Heritage Assets
These are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental of historical associations.

International Financial Reporting Standards (IFRS)
These are accounting standards issued by the International Accounting Standards Board.

Impairment
A diminution in value of fixed assets resulting from obsolescence, physical damage or general market conditions. The Council undertakes annual reviews of its assets to identify impairment.

Comprehensive Income and Expenditure Statement
This statement is compiled in accordance with IFRS and reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets
These are assets such as highways and footpaths.

Investments
These may be long-term investments whose purpose is to produce capital gain and rental income, or the short-term investment of cash balances that may arise from day to day management of the Council's cash flow.

Investment Properties
Land and buildings that are held for capital gain and rental income and not for the provision of services.

Joint Venture
A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities
Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Local Area Agreement (LAA)
The LAA is a partnership between the Council and other public bodies whose aim is to work together towards jointly agreed objectives to improve local public services. The Council's LAA partners comprise local health bodies, learning bodies, community groups, housing associations and voluntary associations.

Materiality
An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)
This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the Council's capital financing requirement at the start of the year.

Non Current Assets
Assets that yield economic benefits to the Council for a period of more than one year. Examples include land, buildings, vehicles and investment property.

Non-Domestic Rates (NNDR)
These are rates levied on business properties. The level of NNDR charges is set by the Government. The Council receives 49% of the rates levied in the district, central government 50% and West Yorkshire Fire and Rescue Authority 1%.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operating Leases

Leases other than finance leases. Under operating leases the risks and rewards of ownership remain substantially with the lessor. Consequently, the assets concerned are not included on the Balance Sheet of the lessee.

Property, Plant and Equipment (PPE)

These are non-current assets used directly to deliver the Council's services. The assets comprise land, buildings and plant with a carrying value in the Balance Sheet based on current value in use. PPE also includes equipment like vehicles, which are valued at historic cost.

Precept

The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the Council Tax.

Prior Year Adjustments

Material adjustments applicable to prior period, arising from changes in accounting policies or from other corrections.

Private Finance Initiative (PFI)

A central government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code

The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties

Individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure

Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Amounts properly incurred as capital expenditure, but where no Council asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Revenue Reserve

Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)

A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the Council has control or has the right to exercise dominant influence (see also Group Accounts).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards for financial reporting standards, which have been replaced by International Financial Reporting Standards from 2010-11 onwards.

Acronym	Full Description
AVCs	Additional Voluntary Contributions
BID	Business Improvement District
BDCT	Bradford District Care Trust
BPS	Base Points
BSF	Building Schools for the Future
BMW	Biodegradable Municipal Waste
CAA	Capital Adjustment Account
CCG	Clinical Commissioning Group
CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSR	Comprehensive Spending Review
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
EUV	Existing Use Value
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
IT	Information Technology
JANES	Joint Arrangement which is not an Entity
LAA	Local Area Agreement
LATS	Landfill Allowances Trading Scheme
LEA	Local Education Authority
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option
MAP	Management Action Plans
MDCs	Metropolitan District Councils
MRP	Minimum Revenue Provision
NEET	Young people Not in Education, Employment or Training
NDR	Non Domestic Rates
NJC	National Joint Council
OJC	Officers' Joint Council
PCT	Primary Care Trust
PFI	Private Funding Initiative
PfS	Partnership for Schools
PPE	Property, Plant & Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index

RSG	Revenue Support Grant
SIP	Statement of Investment Principles
SOLACE	Society of Local Authority Chief Executives
WDA	Waste Disposal Authority
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund
WYITA	West Yorkshire Integrated Transport Authority
VAT	Value Added Tax
YPO	Yorkshire Purchasing Organisation

ANNUAL GOVERNANCE STATEMENT 2020-21

1. Scope and Purpose

1.1 Scope of Responsibility

The City of Bradford Metropolitan District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, as well as arrangements for the management of risk.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute **assurance of effectiveness.**

2. The Governance Framework.

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

2.1 Code of Corporate Governance.

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

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

2.2 The Constitution of the Council

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

2.3 Covid Emergency Arrangements

In March 2020 to ensure an appropriate response to the Covid crisis, a new temporary command structure was established in order to oversee decision making and to shape and respond to key issues across Council services and across the Bradford District: This incorporated the West Yorkshire Local Resilience Forum, District Gold Command, The Public Service Executive Council, Gold Command, District Silver Command and Council Silver and Bronze arrangements. The Executive approved the recommendations as set out to be enacted by the Chief Executive under delegated powers contained in Article 14.20 of the Constitution

Arrangements were put in place to ensure that the Council's political leadership were involved in significant decisions, kept informed of emerging issues, could share information and intelligence and was supported to undertake effective political management of sensitive issues. The Leader of Council met daily with the Chief Executive and the Strategic Director, Corporate Resources, to review decisions and their implementation, update on issues and share information. Portfolio holders were involved as far as possible in decisions in their areas of responsibility and kept briefed and updated in this fast moving situation. Regular financial monitoring took place to ensure the Council's financial position was protected at the same time as facilitating the delivery of mainstream and pandemic specific services.

The Council's Executive met weekly with its management team to discuss the situation. The Executive met informally every other day to discuss progress. All Councillors received regular written updates. A number of Council meetings were cancelled. However protocols for remote meetings and key meetings of the Council were developed and implemented.

The Council's Management Team continued to keep risk under on-going review and to monitor the impact of COVID through intelligence on the ground and a fortnightly dashboard of key indicators. The management team met together three times a week to share information, intelligence and plan ahead and fortnightly with the Council's Executive to ensure that they were aware of key trends and on-going and emerging risks. A new Council Plan was agreed setting out key objectives for the period 2021-25 which include plans for life alongside the virus and for building a better future beyond it.

The Coronavirus Act 2020 was the government's main legislative change in response to the pandemic. Most of its provisions came into effect on 25th March 2020, but detailed further legislation in the form of statutory instruments, and government guidance was issued after that date The Act temporarily modified duties and powers relating to social care, mental health, registration of deaths, inquests, the regulation of investigatory powers, gatherings, meeting and events, the postponement of elections, virtual local authority meetings and protection from eviction. Other changes to existing legislation and statutory guidance were monitored by Legal Services

The Council continues to support the coordination of testing and vaccination activity including communications and key messaging Since the 19th July 2021 the Council has looked to ensure a safe emergence from restrictions and to the implementation of plans for social and economic recovery. Legal restrictions were lifted in favour of "cautious guidance" and a focus on personal responsibility. Decision making will continue to be underpinned by available evidence and data on infection rates, admissions, deaths and the social and economic impact. A Daily Public Health update continues to be circulated to key decision makers.

Key factors for consideration include:

- On-going impact of COVID on demand for Council services, on financial resources.
- Equalities – COVID has had a disproportionate impact on particular groups of people.
- Workforce capacity due to fatigue and backlogs of leave built up over the pandemic
- Need to continue to encourage vaccination
- On-going risk management approach to working practices including risk assessments, masks in public places, 1m distancing for furniture, messaging and review of risk assessments for frontline staff.
- Support to businesses / leisure / events.
- Potential for disorder as large groups of people gather.

The Council's Management Team (CMT) continues to meet twice weekly including a Monday morning briefing on the current position regarding infections, hospitalisations etc. CMT is the key forum for consideration of risk against the delivery of the Council Plan 2021-25 and the Economic Recovery Plan. The Council has worked with partners on the Health and Well Being Board to develop a District Plan which sets out the key priorities of the District's main partnerships. A forward plan is in place for Joint Leadership Team (JLT), the Council's Executive Councillors and Senior Management to consider progress against priority outcomes. the implementation of recovery plans and on-going developments in relation to the virus and any national guidance or legislation.

While the full impact of COVID has yet to emerge we know that it has widened and amplified existing inequalities hitting the poorest, the most vulnerable and BAME communities the hardest. Youth unemployment is the highest in the country and the overall unemployment rate is a third higher than the national rate. A new Equalities Plan and new equalities objectives have been agreed. These aim to put equalities at the heart of the Council's leadership, its workforce development, delivery of services and work in communities.

3. Review of Effectiveness

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

In 2020/21 the Council implemented a new self assurance process for managers on their compliance with key governance issues. This replaced the previous system of key control questionnaires which was largely focused on financial systems The new process covered the following areas

- Employee Code of Conduct
- Whistleblowing
- Harassment and Bullying
- Gifts and Hospitality
- Safeguarding
- Risk Management
- Information Governance
- Internal / External Assessments
- Partnership Working
- Constitution and Decision Making
- Health and Safety
- Financial Systems
- Contract Procedure Rules
- Business Impact Analysis / Business Continuity Arrangements
- Sickness
- Conflicts of Interest
- Corporate Parenting

In December 2017, the Council agreed a revised Code of Corporate Governance to incorporate new guidance from CIPFA and SOLACE. The new management assurance process established a baseline for the level of compliance with the Council's code.

The CIPFA Financial Management Code was published in October 2019 and provides guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively. A self-assessment against the Financial Management Standards within the Code was completed by the Director of Finance & IT in conjunction with the Council leadership team. This showed strong levels of compliance but also assessed opportunities for further improvement.

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

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

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

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

The outcome of the review of effectiveness provided the necessary assurance with the exception of the need to continue to improve Children's Safeguarding services.

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control. However the issues raised in last year's statement with the requirement to improve Children's Safeguarding services has not been resolved satisfactorily and continues to be a significant governance weakness.

In relation to Safeguarding Vulnerable Children the Council has made

- Ongoing efforts to recruit and retain permanent experienced social workers and managers.
- Ensuring that training induction for new starters is of a consistently high quality, so that expected standards of casework and case management can be met and maintained.
- Work is ongoing to understand imbalances in social work caseloads across the service and to ensure that these are addressed and levelled as appropriate.

However, there remain significant challenges in workforce stability, which have led to too many cases having multiple changes of social worker, leading to issues of poor quality and lack of consistency at handover. Some mitigating processes, involving managers and Practice supervisors (who would not normally hold the case allocation) have been necessary in certain cases to ensure quality is maintained.

The latest Ofsted Monitoring visit was concluded on 28 April 2021 with the findings reported in June. This noted that:

"The local authority is starting to make progress in improving services in some specific areas. However, the progress on the quality of core social work practice has been too slow to show impact for children and families. This has been exacerbated by the breadth of the inadequacy and maintaining service delivery during the pandemic"

Additionally, Safer Bradford has published the 'Emily' Serious Case Review. This poses serious concerns about the efficacy of some multi-agency practice in respect of Child in Need and CP Plans, the effectiveness of multi-agency meetings and effective information sharing, picking up early signs of neglect, the need to take a holistic overview of a series of reports of neglect and domestic abuse rather than them being treated as separate instances, and the effectiveness of care planning and reviewing as being focused on improving the lived experience of the child.

There are emerging issues in terms of management capacity and emerging outcomes within our children's homes service that require urgent interim action to ensure that the service is stabilised and can progress satisfactorily.

These persistent and ongoing concerns in respect of the perceived insufficient pace of change have resulted in a letter from Vicky Ford MP, Minister for Children and Families, informing us that she is minded to change the Children's Services Notice to Improve to a Statutory Direction and appoint an independent commissioner to review progress and evaluate further capacity to improve services in a timely way. It is not yet clear what the detailed arrangements for this, or the possible outcomes will be, but the ultimate outcome could be the creation of a Children's Social Care Trust to elicit improvement at the pace required.

5. Further 2021/22 Governance Challenges

The Council has specifically recognised three additional challenges that will be monitored through 2021/22. These are the integration of health and social care, skills shortage and elective home education.

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

The Council has worked even more closely with the NHS during the 2020/21 pandemic year, responding to different demand patterns, protecting people from the virus and integrating services in different ways. Our shared health and care strategy 'healthy, happy and at home' is signed up to by all partners and forms the basis for our joint working.

The Wellbeing Board has been renewed over the past year to broaden its agenda to cover all of the wider determinants of health including employment, economy, housing, education and skills – and health and care. This has put Bradford in a better position to respond to the proposed NHS legislation on Integrated Care Systems and Partnership governance.

The Council has actively participated in Bradford's emerging Integrated Care Partnership, communicating the 'Act as One' brand to its staff, updating the Strategic Partnering Agreement and leading on a number of joint work streams. We are represented at all strategic partnership boards and committees.

Previous disputes around contributions to the Better Care Fund have all been fully resolved and an agreed BCF plan for 2021/22 was submitted to deadline.

A Joint Commissioning and Planning Forum between the council and the NHS now meets monthly to share respective commissioning intentions and jointly plan future models of care. This includes a population health focus with Public Health and Children's collaboration and our early help and locality working operating model.

5.2 Key Staffing Skills

There is a shortage of professional and skilled staff within the employment market leading to recruitment difficulties to key posts. Inability to recruit in key disciplines could have a significant impact on the Councils ability to deliver services and support the Council's ambitions within the financial resources available.

5.3 Elective Home Education

There has been an acceleration in the growth of elective home education This increases the risk of losses in education and subsequent learning gaps for pupils, lack of opportunities to socialise, potential impact on mental health, decline in school budgets to meet these needs given additional pressures and loss of earnings for Council commercialised services. In 2020/21 this was further exacerbated with further risk to long term learning outcomes for Children & Young people caused by the need to work in bubbles and the need to self-isolate.

6. West Yorkshire Pension Fund

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

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

• WYPF Investment Advisory Panel and

• WYPF Joint Advisory Group

• WYPF Pension Board

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

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

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

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

· Any other such matters as the LGPS regulations may specify.

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

- West Yorkshire Pension Fund has adopted the Council approved approach to risk management.
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management.

- Risks are monitored and MAPs reassessed regularly.
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

The risk register and operational results were reported to the Joint Advisory Group on the 29 July 2021. The reports were noted with no significant issues. At the meeting a number of positive commendations on the WYPF performance were made.

7. Statement

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

Signed: ……

Councillor Susan Hinchcliffe, Leader of Council

Signed: ……

Kersten England, Chief Executive

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 25 November 2021

U

Subject:

Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held 29 July 2021

Summary statement:

The Council's Financial Regulations require the minutes of meeting of the WYPF Joint Advisory Group to be submitted to this committee.

Rodney Barton
Director

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Portfolio:

Leader of Council & Corporate

Overview & Scrutiny Area:

Corporate

1. SUMMARY

- The Council's Financial Regulations require the minutes of meeting of the WYPF Joint Advisory Group to be submitted to this committee.

2. APPENDICES

- Minutes of the Joint Advisory Group 29 July 2021.

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Joint Advisory Group held on Thursday, 29 July 2021 in the Council Chamber, City Hall, Bradford

Commenced 1.30 pm
Concluded 3.25 pm

Present - Members of the Committee

Bradford Members Councillors: Thornton Salam Winnard	**Calderdale Members** Councillors: Hutchinson Lynn
Kirklees Members Councillors: Firth Ramsay Uppal	**Wakefield Members** Councillor Swift
Scheme Members Mark Morris	**Trades Union Members** Ms L Bailey (UNISON)

Apologies: Councillors Baines, Scopes, Shemilt, Collins, Mitchell, T Chard and A Goring

1. APPOINTMENT OF CHAIR (Standing Order 35)

Resolved –

That Councillor Thornton be appointed Chair of the West Yorkshire Pension Fund Joint Advisory Group for the municipal year 2021/2022.

Action: City Solicitor

2. APPOINTMENT OF DEPUTY CHAIR (Standing Order 35)

Resolved –

That Councillor Winnard be appointed Deputy Chair of the West Yorkshire Pension Fund Joint Advisory Group for the municipal year 2021/2022.

Action: City Solicitor

3. DISCLOSURES OF INTEREST

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: City Solicitor

4. MINUTES Recommended –

That the minutes of the meeting held on 28 January 2021 be signed as a correct record.

5. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

6. WEST YORKSHIRE PENSION FUND RISK MANAGEMENT REPORT

The Director, West Yorkshire Pension Fund, provided a report, **(Document "A"),** which presented West Yorkshire Pension Fund's latest risk management report.

Members attention was drawn to two additional risks identified since the issue was last discussed and those were Local Government Pension Scheme (LGPS) regulation changes as a result of the McCloud ruling and the potential loss of shared service contracts. A brief explanation of the McCloud ruling was provided and advised members that this was due to a challenge made by trade unions that age discrimination had occurred following changes from final salary pensions to Career Average Revalued Earnings (CARE). The Government had lost that challenge and a massive piece of work was required to look at memberships and recalculate benefits. The fund had engaged with software providers to process those calculations and receive historical data from employers. Government guidance was awaited.

Concerns were raised that beneficiaries could be overpaid and it was questioned what measures were in place to address that issue. It was explained that legislation was awaited, however, assurances were provided that members would not lose out and they would receive the better of the CARE or Final Salary schemes. It was queried if the McCloud ruling would have any impact on survivors' pensions and it was confirmed that was the case.

A Member representing Kirklees explained the majority of concerns she heard from constituents were wanting an end to investment in fossil fuels and that there was an increased appetite for renewable energy. She questioned why the risk register did not contain reference to that topic. In response she was advised that the risks being considered were for the administration of the fund and it was the Investment Advisory Panel which would consider risks to investments.

The economic impact of the COVID pandemic was questioned and it was explained that home working or some highbred version of that would continue and would minimise the need for additional office space. Investment had been made in technology to allow people to work from home and had tested the funds

resilience to continue to operate with minimum impact. A positive effect of working from home had been reductions in energy use. The Risk Register was reviewed every two to three months and whilst if did not currently contain any reference to climate change that could be added in the future.

The impact of increased deaths due to the pandemic was questioned and Members were advised that the staffing structure was continually reviewed. The teams dealing with those issues had been given additional resources in recognition of the additional work required.

Retention and recruitment was discussed and arrangements for in-house training and career progression queried. It was explained that many pension funds had issues with recruitment and retention due to the governance required. A report being considered later in the meeting would cover those issues. Staff turnover was recorded as 4.2% and was due to the fund encouraging and providing training opportunities; the fund paid for staff to further their qualifications; time off was granted and training was embedded in career grade schemes. The fund scored well in those areas against CIPFA benchmarks.

Resolved –

That WYPF's latest risk management report be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

7. PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund **(Document "B")** was submitted to the Committee to provide an update on the West Yorkshire Pension Fund's (WYPF) pensions administration activities over the previous six months.

The report was broken down into sections which reported on a variety of activities as well as providing data on performance against key areas of work and an explanation in areas of underperformance.

Officers advised Members in relation to work which was underway and pending indicating that there was a considerable amount of activity taking place.

The report also included details of the most recent Membership details for all schemes and a breakdown of complaints and praise from a random survey that was carried out.

Information on the schemes' Internal Disputes Resolution procedure (IDRP) with some statistics for appeals, the nature of these and the outcomes was also included in the report. The nature and outcome of recent audits was reported on and an update on new scheme Members. The number of members who were registered online was updated from the report from 29,000 up to 35,000. --

An update on staffing was also provided giving staffing numbers, recruitment positions and absence figures.

WYPF had been shortlisted for some awards but was not successful on this occasion.

Members commented on the fantastic job done by WYPF staff in providing service throughout the pandemic and that sickness absence was well managed. Members were also advised on the average age of employees and were assured that succession planning was already in place as the profile showed a mature workforce with many long standing employees who could retire at the same time. Training was in place and development was encouraged. Officers stated that senior positions were filled through staff progression indicating that they were a good employer with happy staff.

A Member asked whether there were any plans to upgrade the user experience of the online portal and whether the activity of new members of the scheme was monitored. Officers advised that a meeting was due to take place with Civica as there was a need for development and refinement of an 'off the shelf' product. Development and improvement work were planned with additional information to be added and the aim to increase activity.

Members also asked how much the portal is used in place of hard copy documents and was there an intermediate option to email when providing information to Members. Officers advised that Google analytics showed what was being accessed and it was possible to see what had been opened, whereas if information was sent by post there was no way of knowing whether it was opened and read. There would also be the issue of security as email is not absolutely secure.

Resolved –

(1) That Members wished to pass on their thanks to Pensions staff members who continued to work and deliver an excellent service throughout the pandemic.

(2) That the report be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

8. ADMINISTRATION OUTTURN 31 MARCH 2021

The report of the Director, West Yorkshire Pension Fund (**Document "C**") summarised WYPF total costs of administering pensions and investments for 2020/21.

The report revealed low costs per member and reduced financial transactions. It was known that there would be pressure on costs per member in the coming year and it was questioned how that would be expressed without causing alarm to members. The Director explained that a new structure had been approved last year but would take some time to fully implement. Investment had been made in administration and support services and as more shared services were gained posts would be reviewed. The impact of COVID had made it difficult for all funds to recruit and competition was faced. The implementation of working from home had allowed for recruitment from further afield.

A Member queried a figure of 20 to 25 vacancies and was advised that the pandemic had meant that the new structure had taken a while to implement. Some process had been automated and staff not replaced. It was anticipated that all new employees could be fully trained and in place before the McCloud legislation was announced.

It was questioned if custodial arrangements were a work in progress and it was reported that those arrangements had been completed one year ago. That work had been a major risk although all had gone well and audit had provided a clean bill of health.

Assurances were provided that the Fund was in a good place compared to other LGPS to deliver high quality services at a good price and costs would not rise significantly. Members were advised that there were a couple of typographical errors in the draft report and these would be amended shortly.

Resolved –

That the report be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

9. UNAUDITED REPORT AND ACCOUNTS 2020/2021

The report of the Director, West Yorkshire Pension Fund **(Document "D")** was submitted to the Committee to provide the details of financial activities and financial performance for the year 2020/21in the form of an unaudited report. Deadlines for publication of WYPF audited accounts were included as these had been subject to statutory changes. Despite the impact of home working and the Covid pandemic, officers were still confident that the deadlines would be met. The report also indicated that the value of the fund had recovered what had been wiped off as a result of the Covid pandemic.

The report included details of member and employer numbers, and the performance against KPI's plus the breakdown of costs per member which placed WYPF favourably when compared with other similar schemes.

Members were then given the opportunity to comment and ask questions, the details of which and the responses given are as below:

A Member wished to congratulate the fund managers on the healthy valuation of the fund and asked about whether pressure was yielding positive results in relation to the Paris agreement as oil, gas and airline companies were poor at producing a strategy and if there was an illustration of the positive impact.

Officers responded that there were a number of postive results but airlines stated that they were in a difficult position. First steps had been taken and investment in re-newable energy was envisaged. There was progress being made but with work still to do.

Officers were asked whether any resolutions had been co-signed with these types of companies and were advised that several had already been signed and not soley in the gas and oil industry.

Members raised the issue again around setting aside funds to investigate divesting in fossil fuels and were advised that th ESG Manager reviewed how this was being done on an ongoing basis as well as reviewing investment strategies. There were some issues around the accuracy of data which would be addressed. There were also some Members who were unclear about the role on JAG and the Investment Panel and an undertaking was made to deliver clearer documentation going forward.

Resolved –

That the unaudited report and accounts for 2020/21 be considered and noted.

ACTION: ***Director, West Yorkshire Pension Fund***

10. LOCAL GOVERNMENT PENSION SCHEME REGULATION UPDATE

The report of the Director, West Yorkshire Pension Fund (**Document "E**") provided an update on changes to the Local Government Pension Scheme (LGPS) 2014 and information on associated matters.

Members requested further clarity on the McCloud remedy contained in the report and it was explained that the greatest impact would be on pension workloads. It was anticipated that guidance would be received before the end of the year and that the regulations would come into effect on 1 April 2022.

It was explained that the 2014 Pension Scheme had changed from a final salary scheme to CARE. Anyone who had left the scheme or died will have their pensions recalculated to ensure they receive the better of the CARE or final salary scheme. Costs will be incurred due to administration costs to recalculate and software needed to undertake those calculations.

The valuation of the fund was due at 31 March 2022 and the actuary is aware of the change and will take account when calculating liabilities.

Resolved –

That the report be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

11. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION PROVIDERS

The report of the Director, West Yorkshire Pension Fund **(Document "F")** was submitted to provide Members with an update in relation to the ongoing issues with Prudential as a result of the implementation of a new system.

The report focussed on the administration and distribution of AVC's and how the allocation of these was affected by the system change and the knock on effect to

WYPF payments. Prudential cited the system change and changes in work practices as a result of the pandemic which affected their productivity as the main causes of disruption to service.

The report provided the latest information on the recovery plan from Prudential and the actions being taken by WYPF in view of the situation which was still not completely resolved.

It was noted that contributions were not allocated and therefore not invested potentially losing investment income. Members were assured that allocation would be made from the date that funds were received so that pension members did not miss out.

WYPF was in regular contact with Prudential for settlement information and compensation would be paid to members. Most of the backlog was clear but Prudential had been reported to the Pensions Regulator as the situation was not satisfactory.

Prudential have been reported to FCO also and WYPF were waiting to see what the consequences would be and what would be imposed as members' best interests were the priority.

Officers confirmed that 19 members were affected.

Resolved –

That the report be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

12. 2022 ACTUARIAL VALUATION

The report of the Director, West Yorkshire Pension Fund **(Document "G")** provided Members with information relating to the next triennial actuarial valuation of the Fund which was due at 31 March 2022. This would determine the funding position and employer contribution rates from April 2023 onwards.

Members were advised that an initial meeting with the Fund's Actuary would be arranged in the autumn, when issues relating to the valuation and investment markets would be explored in some depth.

Resolved –

That the report be noted.

ACTION*:* ***Director, West Yorkshire Pension Fund***

13. REGISTER OF BREACHES OF LAW

The report of the Director, West Yorkshire Pension Fund **(Document "H")** was submitted to provide Members with details of breaches of law as per its procedures and to demonstrate compliance with regulations in relation to reporting of breaches.

The report gave an overview of the background to the register of breaches and what was included.

The report also included 3 appendices which contained the registers for 20/21 and 21/22 and a copy of the report which was submitted to the Pensions regulator.

Officers provided a verbal summary of the report and signposted Members to the appendix relating to Prudential in light of the ongoing issues.

Resolved –

That the Joint Advisory Group noted the 2020/21 and 2021/22 Register of Breaches.

ACTION: ***Director, West Yorkshire Pension Fund***

14. MAZARS REPORT TO JAG

The Director, West Yorkshire Pension Fund submitted the report of City of Bradford Metropolitan District Council's auditor Mazars (**Document "I").** The auditors were in attendance and presented their audit strategy memorandum for the WYPF annual reports and accounts for the year ended 31 March 2021.

Resolved –

That the audit strategy memorandum from Mazars for their work on the accounts year ended 31 March 2021 be noted.

ACTION: ***Director, West Yorkshire Pension Fund***

15. TRAINING, CONFERENCES AND SEMINARS

The report of the Director, West Yorkshire Pension Fund **(Document "J")** was submitted to inform Members of training made available in order that they understood their responsibilities and the issues they would be dealing with.

Training of Members continued to be a high priority and Officers encouraged them to take advantage of the training offered.

Resolved –

That Members were requested to give consideration to attending the training courses, conferences and seminars set out in Document "J".

ACTION: ***Director, West Yorkshire Pension Fund***

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Joint Advisory Group.

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