



Unaudited Draft Statement of Accounts 2020-21



CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

DRAFT UNAUDITED STATEMENT OF ACCOUNTS 2020-21

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Introduction to the Council's Statement of Accounts

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

1. The Narrative Report

The Report by the 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 financial statements. The accounting policies are based on interpretations and adaptations for the public sector set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

7. Notes to the Main Financial Statements

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

8. Collection Fund Statement

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

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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: 19-08-2021

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:

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

Report to be inserted following the audit.

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The Narrative Report

Introduction

The Financial Statements of the City of Bradford Metropolitan District Council for the year ending 31st March 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 Bronte 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 [councilplan2021-25.pdf \(bradford.gov.uk\)](#)

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) 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 366.

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 31, 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” (i.e. those that are real cash) and other non-cash 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 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 21 & 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 8c) | | | (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 21d) | | | 146,967 |
| | | (24,265) | Other Comprehensive Income and Expenditure | | | 140,021 |
| | | 51,190 | Total Comprehensive Income and Expenditure | | | 179,315 |

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 | 16 |
| 1,924 | Long term debtors | 2,425 | 17 |
| 1,030,124 | Long Term Assets | 1,024,067 | |
| | | | |
| 19,050 | Short Term Investments | 80,004 | 18 |
| 2,536 | Assets Held for sale | 225 | 19 |
| 2,270 | Inventories | 5,754 | 18 |
| 90,729 | Short Term Debtors | 127,661 | 18 |
| 96,364 | Cash and Cash Equivalents | 82,571 | 18 |
| 210,949 | Current assets | 296,215 | |
| | | | |
| (5,696) | Cash and Cash Equivalents (Overdraft) | (3,413) | 18 |
| (15,312) | Short term borrowing | (8,964) | 18 |
| (104,714) | Short Term Creditors | (185,871) | 18 |
| (6,703) | Provisions | (5,188) | 20 |
| (132,425) | Current Liabilities | (203,436) | |
| | | | |
| (17,865) | Provisions | (10,600) | 20 |
| (336,061) | Long term borrowing | (330,531) | 47b |
| (1,205,044) | Other Long-Term liabilities | (1,405,155) | 39 |
| (15,374) | Capital Grants Receipts in Advance | (15,571) | 45 |
| (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 | 21 |
| | | | |
| 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) | (39,294) |
| 128,210 | Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 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 22 d) | (50,888) |
| 27,910 | Net cash flows from Operating Activities (Note 22 a) | 94,720 |
| (23,555) | Investing Activities (Note 22 b) | (53,838) |
| 44,860 | Financing Activities (Note 22 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 18) (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.

Comparative information is disclosed in respect of the previous period for all amounts reported in the current period's financial statements.

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

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

i. Accruals of Income and Expenditure

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

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

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

x. Government Grants and Contributions

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

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

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

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

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

xi. Heritage Assets

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

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

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

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and

they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant services in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Interests in Companies and Other Entities

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

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

xiv. Inventories and Long-term Contracts

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

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

xv. Investment Property

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

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

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

xvi. Joint Arrangements

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

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

xvii. Leases

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying

amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

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

Operating Leases

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

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

Component Accounting

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

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

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

Impairment

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

Where impairment losses are identified, 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.

xix. Private Finance Initiative (PFI) and Similar Contracts

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

xxi. Reserves

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

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

xxii Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

xxiii. Value Added Tax (VAT)

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

xxiv. Partnership Arrangements

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

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

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

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.

xxvi. Acquired and Discontinued Operations

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

xxvii. Fair value measurement

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

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

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

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

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

Note 2. Prior Period Adjustments

There were no prior period adjustments in 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.

IFRS 16 Leases: this new standard replaces IAS 17 from 2022-23 and establishes a new model for lessees: it will require local authorities to recognise nearly all leases on their balance sheets. The implementation has been deferred until 1 April 2022.

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 and IFRS 16 – 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 judged that when it has committed to a redundancy in writing by the end of the financial year, the costs to the Council of the redundancy are either accrued, if the person has left the Council by 31 March 2021, or included in a provision. A judgement has also been made about whether to include a provision for planned future redundancies, even when the Council is not committed to these. The tests are whether there is a high expectation and likelihood that the redundancies are carried out and that there is a detailed plan for redundancies.

The Council has made judgements about what other provisions should be made in the accounts and the amounts to be set aside. The Council has included provisions where the Council has a commitment at the financial year end to incur expenditure. The amount of the provision is based on an estimate of the commitment incurred using the evidence available, which is then discounted.

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

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

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

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

The Council has made judgements about how the Building Schools for the Future (BSF) Phase 2 schools were initially recognised on the Council Balance Sheet. Three mainstream Secondary Schools were handed over to the Council along with three co-located Special Education Secondary Schools on the sites. The Private Finance Initiative (PFI) contract does not separate out

the construction costs for the Secondary Schools and the Special Schools and a judgement was made to recognise the schools initially on a 50:50 split based on the construction costs included in the PFI contract. This approach was taken as the PFI assets were to be revalued once they had been handed over to the Council.

The Council has made a judgement on the amount that needs to be set aside to repay past debt. This amount is known as the Minimum Revenue Provision (MRP) and is charged to the Movement in Reserves Statement. Depreciation is calculated on accounting principles, and is charged to the Comprehensive Income and Expenditure Statement but reversed and replaced by MRP charged to the Movement in Reserves Statement. MRP is calculated on regulatory principles according to the Council's judgement of what is prudent.

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. |
| Provisions | <p>The Council also has a provision of £6.641m at 31 March 2021 (£6.622m at 31 March 2020) for insurance claims which it has chosen to self-insure (all claims under £120,000). The insurance provision has been rigorously reviewed over the last two years and is now considered to be at an adequate level to meet all expected claims.</p> <p>In addition, the Council has a provision of £8.111m at 31 March 2021 (£16.474m at 31 March 2020) for the Council's share of Business Rate Appeals.</p> <p>Under IFRS, provisions must be split between short term (up to one year) and long term (over one year). It is not possible to accurately determine when various claims, which may be subject to litigation, will be paid and therefore the analysis of the overall provision between long and short term is an approximate estimate.</p> | <p>If the insurance provision is not adequate, which is considered very unlikely, extra funds would have to be found from available reserves or from in year savings.</p> <p>If the Business Rate appeals provision is not adequate, additional funds would be required from reserves or in year savings.</p> <p>An incorrect allocation of the provision between short term and long term will not change the net worth of the Balance Sheet, or impact on the Council's cash levels. It will either over or understate current or long term liabilities, where short and long term provisions are respectively included.</p> |
| 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. |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|-------------------------|--|---|
| Leases | <p>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:</p> <p>Split between finance and operating lease:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> | <p>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.</p> |
| Fair value measurements | <p>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 data, 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.</p> <p>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).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 9, 13 and 47.</p> | <p>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.</p> <p>The method used to measure the fair value of Investments is described in Note 47.</p> |

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 | | | | Useable Reserves | 2020-21 | | | |
|----------------------|--|--------------------------|-------------------------------|--|----------------------|--|--------------------------|-------------------------------|
| Useable Reserves | | | Movement in Unusable Reserves | | Useable Reserves | | | Movement in Unusable Reserves |
| General Fund Balance | Capital Receipts & Deferred Capital Receipts Reserve | Capital Grants Unapplied | | | General Fund Balance | Capital Receipts & Deferred Capital Receipts Reserve | Capital Grants Unapplied | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| | | | | Adjustment between Accounting Basis and Funding Basis Under Regulation | | | | |
| | | | | 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 Received 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 Capital Receipts Reserve £000 | 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 no schools have transferred to Academy status but 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 |

b) 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 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 |

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

Note 10. Valuations

Operational and non-operational assets have been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Estate Management Service, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Not all properties were inspected as this was not considered necessary for the purposes of the valuation. Revaluations are planned through a five year rolling programme and have been listed in the table 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 fair value in existing use, depreciated replacement cost/ modern equivalent asset and fair value market value. Other than standard assumptions associated with each basis 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 £000 | Civic regalia £000 | Statues & Monuments £000 | Total Assets £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 (Sydney's 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 | | 2020-21 |
|----------------|--|----------------|
| £000 | | £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 | Reconciliation of Movements on Investments | 2020-21 |
|---------------|---|---------------|
| £000 | | £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 | 2020-21 |
|---|----------------|----------------|
| | £000 | £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. Construction Contracts

The Council did not enter into any construction contracts in 2020-21 or 2019-20.

Note 16. 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 17. Long Term Debtors

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

| 31 March 2020 | | 31 March 2021 |
|--------------------------|---|--------------------------|
| £000 | | £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 18. Current Assets and Current Liabilities

| 31 March 2020 | | 31 March 2021 |
|--------------------------|--------------|----------------------|
| £000 | | £000 |
| | - PPE | 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 | Analysis of Debtors and Payments in Advance | 31 March 2021 |
|--------------------------|--|--------------------------|
| £000 | | £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 provision for bad and doubtful debts | |
| 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 19. 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 20. 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 21. 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 30 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) |

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 | | 2020-21 |
|----------------|--|-----------------|
| £000 | | £000 |
| 1,153 | Balance at 1 April | 1,222 |
| | 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 | |
| 69 | 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 | | 2020-21 |
|-----------------|--|-----------------|
| £000 | | £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) |
| | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements. | |
| (133) | | (2,943) |
| (10,241) | Balance at 31 March | (13,184) |

Note 22. 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 |

Note 23. 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 purposes 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 | Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other differences (Employee Accrual) | Other differences (Collection Fund & Financial Instruments) | Total adjustments |
|---|--------------------|----------------------------------|---|--------------------------------------|---|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Health and Wellbeing | - | 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 | Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other differences (Employee Accrual) | Other differences (Collection Fund & Financial Instruments) | Total adjustments |
|---|--------------------|----------------------------------|---|--------------------------------------|---|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Health and Wellbeing | - | 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 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2020-21 or 2019-20.

Note 25. Trading Services

Trading services are mainly activities of a commercial nature, which are financed substantially by charges made to recipients of the service. The tables below show the financial performance of trading services in 2020-21 and 2019-20:

| Trading Services Surplus (-) / Deficit | |
|---|--------------------|
| 2019-20 | 2020-21 |
| Surplus (-) | Surplus (-) |
| /Deficit | /Deficit |
| £000 | £000 |
| 1,507 School & welfare catering | 1,745 |
| 107 Other catering | 1,259 |
| 1,731 Building cleaning | 1,840 |
| 3,345 Total | 4,844 |

| Trading Services Included in Net Cost of Services | |
|--|--------------------|
| 2019-20 | 2020-21 |
| Surplus (-) | Surplus (-) |
| /Deficit | /Deficit |
| £000 | £000 |
| (114) Markets | 821 |
| (5,626) Car parks | (2,283) |
| (161) Trade refuse | (487) |
| (5,901) Total | (1,949) |

The services have been shown in the Comprehensive Income and Expenditure Statement. Those in the first table have been included in Financing & Investment Income and Expenditure (see note 8b). Traded Services in the second table have been included in the net cost of services, in the Comprehensive Income and Expenditure Statement.

Note 26. Agency Income and Expenditure

The Council provides payroll services to a number of external organisations, including Academy Schools and Colleges of Further Education. The payroll records for the external organisations do not form part of the Council's financial statements. However, the costs of administrating this service and the income received from the external organisations in return for the service are included in the Council's financial statements. In 2020-21, the Council received £0.548m income (£0.516m in 2019-20) from external organisations.

The Council also provides accountancy support to a number of external Trusts, which is provided free of charge.

Note 27. Road Charging Schemes

The Council did not undertake or operate any road charging schemes in 2020-21 or 2019-20.

Note 28. 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 | 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 29. 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 30. Pension Schemes Accounted for as Defined Contribution Schemes

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

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

The scheme had 11,221 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 31. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- b) The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 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 | 2020-21 £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 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.wywf.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 |
| | years | years | years | years | years | years |
| Mortality Assumptions | | | | | | |
| 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).

IAS 19 Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continued to impact global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Valuation of quoted and unquoted assets were materially impacted. The impact of Covid-19 has added additional uncertainty to the valuation of unquoted stock, which is challenging in normal times. Asset values are less certain as a result of increased volatility, changing domestic and industrial consumption, markets trending more favourably in the direction of digital, virtual and contactless business activities with green environmental focus.

In simple terms the impact of Covid-19 has continued to significantly impact on the number of transactions in the market up to 31 March 2021 and consequently the relevant observable data available upon which to base a valuation judgement. Specifically, with regard to pooled property funds, a material valuation uncertainty clause has been included in a number of valuation reports from fund managers due to the possible impact of Covid-19. Therefore, there is less certainty, and a higher degree of caution should be attached to our valuations of Level 3 assets than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts.

Goodwin Judgement

The Goodwin judgement has been allowed for approximately in these figures as 0.2% of liabilities at the start of the period and this is shown in as a past service cost.

Note 32. 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 (£1.787 and £0.014m expenses in 2019-20).

Note 33. Employees' Remuneration

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

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

| Number of Employees 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 | 193,892 |
| 11 | 283,941 | £20,000 - £39,999 | 3 | 80,179 |
| 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 | 355,109 |

Note 34. Capital Charges and the Repayment of External Loans

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

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

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

The MRP for 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 35. Leases

Council as Lessee

Finance Leases

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

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

| 31 March 2020 Finance Leases as Lessee | 31 March 2021 |
|--|----------------------|
| £000 | £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 Finance Lease liabilities (net present value of minimum lease payments) | 31 March 2021 |
|--|----------------------|
| £000 | £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 | 31 March 2021 | 31 March 2020 | 31 March 2021 |
| | £000 | £000 | £000 | £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 | 31 March 2021 |
|---|----------------------|
| £000 | £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 36. Private Finance Initiative (PFI)**BSF Phase 1 – Provision of three schools**

The Council has a 25 year PFI contract for the building and maintenance of three schools under the Building Schools for the Future Phase 1 programme. The contract commenced in August 2008 and expires in August 2033. The Council has rights under the contract to specify the activities undertaken at each school, and the contract specific minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct and maintain the schools to a minimum acceptable condition and to procure and maintain the necessary plant and equipment needed to keep the schools operational. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council would have to pay the contractor substantial compensation if it terminated the contract early without due cause.

| 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 | |
| 5,742 | Net Operating Expenditure | 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 £000 | Principal £000 | Interest £000 | Service charge and life cycle costs £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 £000 | Principal £000 | Interest £000 | Service charge and life cycle costs £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 222, by £108.305m.

Note 37. Capital Expenditure and Financing

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

| 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 |
| - | Aborted cost on prior year capital expenditure | - |
| 6,555 | Investment properties | 33 |
| 218 | Intangible Assets | 10 |
| - | Heritage Assets | - |
| - | Asset Held for Sale | - |
| 16,456 | Revenue Expenditure funded from Capital under statute | 14,575 |
| - | Capital loans | - |
| | 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) |
| - | Donated assets | - |
| (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 |
| | Assets acquired under PFI contracts | - |
| 10,577 | Increase/ (decrease) in Capital Financing Requirement | (11,938) |

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

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

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £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 39. 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 45, page 79. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 40. Deferred Income

There was no deferred income in 2020-21.

Note 41. 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.

The Council also 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).

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 42. External Audit Costs

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

| 2019-20* | External Audit Costs | 2020-21 |
|-----------------|---|----------------|
| £000 | | £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 43. Dedicated Schools Grant (DSG)

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

Bradford was allocated £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 | 238,668 | - | 238,668 | 238,288 | - | 238,288 |
| Less Actual Central Expenditure | 20,889 | 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 44. Contingent Liabilities and Assets

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

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

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

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 20).

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 45. Grant Income

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

The Council credited the following grants, and donations, to the Comprehensive Income and Expenditure Statement in 2020-21:

| Grant Income | 2019-20 * | 2020-21 |
|--|----------------|----------------|
| | £000 | £000 |
| Credited to Net cost of Services | | |
| Dedicated Schools Grant (DSG) | 265,344 | 269,605 |
| Rent Allowance 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 | 852 |
| Small Business Rates and other Section 31 grants including National Levy surplus | 38,684 | 4,118 |
| Local Services Support Grant | 839 | 27,853 |
| Covid 19 Support Grant* | 15,757 | 38,563 |
| Income Compensation Scheme | - | 12,973 |
| 75% Tax Income Guarantee Compensation | - | 5,852 |
| Council Tax Hardship Grant | - | 7,142 |
| 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.

| Covid Business Grants where Council Acts as Agent | 2019-20 * | 2020-21 |
|---|-----------|----------------|
| | £000 | £000 |
| Government Grants for Businesses | - | 125,027 |
| Local Restriction Tier 2 (closed) and Closed Addendum | - | 25,645 |
| Closed Business Lockdown 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 46. Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals. The Code distinguishes between impairment loss – which represents the consumption of economic benefit specific to an asset – and revaluation loss – which represent a general decrease in prices. These disclosures are consolidated in Note 9 and Note 14.

There were no impairment losses during the year.

Note 47. Financial Instruments

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

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 borrow ing | 3,453 | 3,453 |
| 5,696 | 5,696 | Cash overdraw n | 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-1 or 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 provision 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 provision 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 1 year | 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 48. 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 Figures | | | Restated 2019/20 Figures* | | | Collection Fund Statement | 2020-21 £000 | 2020-21 £000 | 2020-21 £000 | Note |
|--------------------------|-----------------|-----------------|---------------------------|-----------------|-----------------|---|------------------|-----------------|------------------|--------|
| 2019-20 £000 | 2019-20 £000 | 2019-20 £000 | 2019-20 £000 | 2019-20 £000 | 2019-20 £000 | | | | | |
| (236,534) | - | (236,534) | (238,732) | - | (238,732) | Income | (246,113) | - | (246,113) | Note 1 |
| 6 | - | 6 | - | - | - | Due from Council Tax payers | - | - | - | |
| - | (141,101) | (141,101) | - | (139,082) | (139,082) | Due in respect of Council Tax benefits | - | - | - | |
| (236,528) | (141,101) | (377,629) | (238,732) | (139,082) | (377,814) | Due from Business Rate payers | (246,113) | (76,875) | (76,875) | Note 2 |
| | | | | | | 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 | |
| - | 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 |
| (33) | - | (33) | (33) | - | (33) | Distribution of Collection Fund Surplus/Repayment of Deficit: | | | | |
| (2) | - | (2) | (2) | - | (2) | Bradford Council | 980 | 768 | 1,748 | |
| (4) | - | (4) | (4) | - | (4) | West Yorkshire Fire and Rescue Authority | 46 | 9 | 55 | |
| - | - | - | - | - | - | 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 |
| (73) | 88 | 15 | (73) | 88 | 15 | Movements on the Collection Fund Balance | | | | |
| 193 | (1,089) | (896) | 193 | (1,282) | (1,089) | Balance at beginning of year | 155 | (1,644) | (1,489) | Note 5 |
| 35 | 1 | 36 | 35 | (17) | (17) | Bradford's share of surplus (-) /deficit for the year | 6,007 | 29,747 | 35,754 | Note 5 |
| - | 1,176 | 1,176 | - | (433) | (433) | Preceptors' share of surplus (-) /deficit for the year | 1,103 | 607 | 1,710 | Note 5 |
| 155 | 176 | 331 | 155 | (1,644) | (1,489) | Central Government's share of surplus (-) /deficit for the year | - | 30,354 | 30,354 | Note 5 |
| | | | | | | Balance at end of year | 7,265 | 59,064 | 66,329 | |
| 131 | (1,351) | (1,220) | 131 | (1,351) | (1,220) | Allocated to: | | | | |
| 18 | (17) | 1 | 18 | (17) | (17) | Bradford Council | 6,138 | 28,744 | 34,882 | |
| 6 | - | 6 | 6 | - | - | West Yorkshire Fire and Rescue Authority | 286 | 591 | 877 | |
| - | (276) | (276) | - | (276) | (276) | Police & Crime Commissioner for West Yorkshire | 841 | - | 841 | |
| 155 | (1,644) | (1,489) | 155 | (1,644) | (1,489) | Central Government | - | 29,729 | 29,729 | |
| | | | | | | 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:

Collection Fund Statement

| 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 £2.39m 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 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 District Council

Report on the financial statements

Opinion on the financial statements of West Yorkshire Pension Fund

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

We draw attention to note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund investments classified within level 3 of the fair value hierarchy at 31 March 2020. As disclosed in note 4 of the financial statements, the outbreak of Covid-19 has resulted in additional uncertainty with regard to level 3 private equity and pooled property funds. As such, a material valuation uncertainty clause has been included in some valuation reports as a result of the impact of Covid-19. There is, therefore,

less certainty and a higher degree of caution should be attached to the valuations of level 3 private equity and pooled property funds than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of the Director of Finance & IT's Responsibilities, the Director of Finance & IT is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance & IT is also responsible for such internal control as the Director of Finance & 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 & IT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance & IT is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

We have nothing to report in these respects.

Use of the audit report

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

[Signature] Cameron Waddell
For and on behalf of Mazars LLP

5th Floor
3 Wellington Place Leeds
LS1 4AP

[Insert date]

West Yorkshire Pension Fund

| Fund account for the year ended 31 March 2021 | | | |
|--|---|-------------------|-------------|
| 2020 | | 2021 | Note |
| £000 | | £000 | |
| 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 | |

| 2020 £000 | Net assets statement at 31 March 2021 | 2021 £000 | Note |
|-------------------|--|-------------------|------|
| | Investment assets | | |
| 32,579 | Northern LGPS assets | 129,595 | 17 |
| 1,387,188 | Bonds | 1,315,811 | 17 |
| 9,499,515 | Equities (including convertible shares) | 12,112,419 | 17 |
| 736,119 | Index-linked securities | 735,119 | 17 |
| 1,214,360 | Pooled investment vehicles | 1,459,532 | 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).

| 2019-20 | Profile of membership at 31 March | 2020-21 |
|----------------|-----------------------------------|----------------|
| 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 Horizons™ 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.wyprf.org.uk/media/2850/wyprf-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) Balance of foreign currency income accounts are moved daily to capital account using the mid-market rate on the date of movement.
- d) Dividends from foreign investments are translated into sterling using the mid-market rate on the date of receipt.
- e) When currency is sold or purchased the actual trade rate is used and commissions are charged to management expense.

Acquisition costs of investments

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

Netting

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

- a) Currently has a legally enforceable right to set off the recognised amounts,
And
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Contingent liabilities and contractual commitments

A contingent liability arises when an event has taken place that gives the Fund a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Assets Statement but disclosed in a note 24 to the accounts.

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

Investment transactions

Investment transactions occurring up to 31 March 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.

Impact of Covid-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continued to impact global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Valuation of quoted and unquoted assets were materially impacted. The impact of Covid-19 has added additional uncertainty to the valuation of unquoted stock, which is challenging in normal times. Asset values are less certain as a result of increased volatility, changing domestic and industrial consumption, markets trending more favourably in the direction of digital, virtual and contactless business activities with green environmental focus.

In simple terms the impact of Covid-19 has continued to significantly impact on the number of transactions in the market up to 31 March 2021 and consequently the relevant observable data available upon which to base a valuation judgement. Specifically, with regard to pooled property funds, a material valuation uncertainty clause has been included in a number of valuation reports from fund managers due to the possible impact of Covid-19. Therefore, there is less certainty, and a higher degree of caution should be attached to our valuations of Level 3 assets than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts.

Retirement benefit obligations

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

Note 5. Events after the Balance sheet date

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

Two types of events can be identified:

- a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period).
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There have been no adjusting events since 31 March 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 received 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 | 5.50% |
| £14,601 to £22,800 | 5.80% |
| £22,801 to £37,100 | 6.50% |
| £37,101 to £46,900 | 6.80% |
| £46,901 to £65,600 | 8.50% |
| £65,601 to £93,000 | 9.90% |
| £93,001 to £109,500 | 10.50% |
| £109,501 to £164,200 | 11.40% |
| £164,201 or more | 12.50% |

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 is 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 £0 | 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 1 st 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 |

STILL WAITING FOR PRUDENTIAL FIGURES

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 |
| 10,606 | 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% | -0.10% |
| | £M | £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% | -0.10% |
| | £M | £M |
| £ change to present 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% | -0.10% |
| | £M | £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 | -1 year |
| | £M | £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 -£24.3k (2019/20 -£22k) and are recharged to the relevant employers. No other fees have been paid to the external auditor.

The costs associated with the setting up and running Northern LGPS that relate specifically to WYPF are included within the administration costs above; the costs for the 2020/21 reporting period are £75.6k (2019/20 £106k).

Note 14. Investment expenses

| | 2020-21 Total £000 | Management Fees £000 | Performance related Fees £000 | Transaction Costs £000 |
|----------------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| Northern LGPS assets | 28 | 28 | 0 | 0 |
| Bonds | 336 | 336 | 0 | 0 |
| Equities | 3,848 | 3,062 | 0 | 786 |
| Index-linked securities | 187 | 187 | 0 | 0 |
| Pooled investment vehicles | 397 | 370 | 0 | 27 |
| Property | 2 | 2 | 0 | 0 |
| Cash deposits | 129 | 129 | 0 | 0 |
| | 4,927 | 4,114 | 0 | 813 |
| Custody Fees | 202 | | | |
| Total | 5,129 | | | |

| | 2019-20 Total £000 | Management Fees £000 | Performance related Fees £000 | Transaction Costs £000 |
|----------------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| Northern LGPS assets | 5 | 5 | 0 | 0 |
| Bonds | 211 | 211 | 0 | 0 |
| Equities | 3,736 | 1,442 | 0 | 2,294 |
| Index-linked securities | 112 | 112 | 0 | 0 |
| Pooled investment vehicles | 184 | 184 | 0 | 0 |
| Property | 1 | 1 | 0 | 0 |
| Cash deposits | 46 | 46 | 0 | 0 |
| | 4,295 | 2,001 | 0 | 2,294 |
| Custody Fees | 505 | | | |
| Total | 4,800 | | | |

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 WYPF assets are managed by a team of internal investment managers directly employed by WYPF and as such WYPF does not incur any performance fees.

Note 15. Investment income

| 2019-20 £000 | Investment income | 2020-21 £000 |
|-----------------|-------------------------------------|-----------------|
| 0 | Northern LGPS assets | 154 |
| 48,549 | Income from bonds | 39,418 |
| 382,045 | Dividends from equities | 295,369 |
| 3,683 | Income from index-linked securities | 3,532 |
| 26,435 | Income from pooled funds | 21,053 |
| 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 | Dividends from equities | -7,919 |
| 885 | HMRC receipt re GMP equalisation* | 0 |
| -8,719 | Total investment income | -7,919 |

*GMP – Guaranteed minimum pension

Note 16. Direct Property Holdings

| 2019-20 £000 | Direct Property Holdings | 2020-21 £000 |
|-----------------|--|-----------------|
| 7,250 | Opening balance | 6,675 |
| -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 |
|----------------------------|---|----------------------------|---------------------------|-----------------------------------|--|
| Northern LGPS assets | 32,579 | 84,691 | -6,336 | 18,661 | 129,595 |
| Bonds | 1,387,188 | 335,004 | -425,563 | 19,182 | 1,315,811 |
| Equities | 9,499,515 | 553,678 | -488,961 | 2,548,187 | 12,112,419 |
| Index linked securities | 736,119 | 53,161 | -52,570 | -1,591 | 735,119 |
| Pooled funds | 1,214,360 | 18,485 | -21,990 | 248,677 | 1,459,532 |
| 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 | -5,250 | 0 | 41,592 |
| Other investment debtors | 53,918 | 4,235 | 0 | 0 | 58,153 |
| Other investment creditors | -51,239 | 37,249 | 0 | 0 | -13,990 |
| Total investments | 13,180,582 | 2,184,896 | -1,931,678 | 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 |
|----------------------------|--|-------------------------|------------------------|--------------------------------|---|
| Northern LGPS assets | 261 | 33,031 | 0 | -713 | 32,579 |
| Bonds | 1,512,233 | 535,266 | -534,984 | -125,327 | 1,387,188 |
| Equities | 10,415,004 | 836,634 | -433,408 | -1,318,715 | 9,499,515 |
| Index-linked securities | 679,524 | 59,833 | -54,480 | 51,242 | 736,119 |
| Pooled funds | 1,387,123 | 31,970 | -97,447 | -107,286 | 1,214,360 |
| Direct property | 7,250 | 0 | 0 | -575 | 6,675 |
| Cash deposits | 269,242 | 1,169,499 | -1,188,432 | 4,316 | 254,625 |
| Cash at bank | 25,261 | 21,581 | 0 | 0 | 46,842 |
| Other investment debtors | 48,560 | 5,358 | 0 | 0 | 53,918 |
| Other investment creditors | -15,356 | 0 | -35,883 | 0 | -51,239 |
| Total investments | 14,329,102 | 2,693,172 | -2,344,634 | -1,497,058 | 13,180,582 |

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 |
|-----------------------------|---|-----------------------------|
| 32,579 | Northern LGPS Assets- Equities | 129,595 |
| | Bonds: | |
| 926,917 | Public sector | 782,562 |
| 460,271 | Other | 533,249 |
| 1,387,188 | | 1,315,811 |
| 9,499,515 | Equities | 12,112,419 |
| 736,119 | Index linked securities | 735,119 |
| | Pooled funds: | |
| 94,967 | Hedge funds | 105,585 |
| 609,425 | Property | 606,022 |
| 509,968 | Other | 747,925 |
| 1,214,360 | | 1,459,532 |
| 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 |
|-----------------|---------------------------|-----------------|
| 228 | Income - 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, £660m of stock was on loan to market makers (31 March 2020 £890m) and this was covered by collateral totalling £702m (31 March 2020 £960m) which includes an appropriate margin. The stock on loan was covered by collateral valued at £955m (which includes an appropriate margin). The collateral includes; Basket of Equities (£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 |
| Unquoted bonds | Level 3 | Fund managers' capital statements | Evaluated price feeds | Not required |
| Pooled investment - 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 |
| All unquoted, delisted or suspended assets, pooled investments - hedge funds, unit trusts and 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. |

| Description of asset | Valuation Hierarchy | Basis of valuation | Observable and unobservable | Key sensitivities affecting the valuations provided |
|-----------------------------------|---------------------|--|---|--|
| Freehold and leasehold properties | Level 3 | <i>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”).</i> | 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 | Value at 31 March 2021 | Value at 31 March 2020 |
|---|------------------------|------------------------|
| | £m | £m |
| Pooled investments - hedge funds | 105.3 | 94.9 |
| Property funds | 453.1 | 427.8 |
| Direct property | 7.3 | 6.7 |
| Private equity inc NLGPS | 1,783.0 | 1,552.9 |
| Other assets | 33.2 | 26.2 |
| | 2,381.9 | 2,108.5 |

| 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% | 453.1 | 498.4 | 407.8 |
| Direct property | 10% | 7.3 | 8.0 | 6.6 |
| Private equity inc NLGPS | 15% | 1,783.0 | 2,050.5 | 1,515.6 |
| Other assets | 10% | 33.2 | 36.5 | 29.9 |
| | | 2,381.9 | 2,709.2 | 2,054.7 |

| 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 |

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

| Valuation hierarchy | At 31 March 2021 | | | Total £m |
|---|------------------|---------------|---------------|---------------|
| | Level 1 £m | Level 2 £m | Level 3 £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 | | | | |
| Direct 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

| Valuation hierarchy | At 31 March 2020 | | | Total £m |
|---|------------------|---------------|---------------|---------------|
| | Level 1 £m | Level 2 £m | Level 3 £m | |
| Financial assets | | | | |
| Financial assets at fair value through profit & loss | 10,113 | 655 | 2,101 | 12,869 |
| Financial assets at amortised cost | 410 | 0 | 0 | 410 |
| Total financial assets | 10,523 | 655 | 2,101 | 13,279 |
| Non financial assets at fair value through profit and loss | | | | |
| Direct property | 0 | 0 | 7 | 7 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | -72 | 0 | 0 | -72 |
| Total financial liabilities | -72 | 0 | 7 | -65 |
| | 10,458 | 655 | 2,108 | 13,214 |

Reconciliation of fair value measurements within level 3

| Reconciliation of fair value measurements within level 3 | Market value 01-Apr-20 | Purchases | Sales | Change in 20/21 L1,L2 to L3 assets | Change in market value | Market value 31-Mar-21 |
|--|---------------------------|----------------|-----------------|---|------------------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Pooled investments - Hedge funds | 94,967 | 0 | 0 | 0 | 10,361 | 105,328 |
| Property funds | 427,860 | 17,088 | -7,623 | 27,653 | -11,900 | 453,078 |
| Direct property | 6,675 | 0 | 0 | 0 | 625 | 7,300 |
| Private equity(inc NLGPS) | 1,552,901 | 304,073 | -231,639 | 10,180 | 147,483 | 1,782,998 |
| Other assets | 26,175 | 0 | -414 | 0 | 7,454 | 33,215 |
| | 2,108,578 | 321,161 | -239,676 | 37,833 | 154,022 | 2,381,918 |

Changes from level1 and Level2 to Level3 during 2020/21 are due to asset delisting or lack of observable inputs.

| Reconciliation of fair value measurements within level 3 | Market value 01-Apr-19 | Adj to 01-Apr-19 assets L2 to L3 | Purchases | Sales | Change in 19/20 L1,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 | 3,100 | 94,967 |
| Property funds | 356,494 | 0 | 5,733 | -19,961 | 86,623 | -1,029 | 427,860 |
| Direct property | 7,250 | 0 | 0 | 0 | 0 | -575 | 6,675 |
| Private equity(inc NLGPS) | 1,359,727 | 0 | 269,532 | -206,210 | 0 | 129,852 | 1,552,901 |
| Other assets | 0 | 34,505 | 0 | 0 | 0 | -8,330 | 26,175 |
| | 1,815,419 | 34,505 | 275,265 | -226,252 | 86,623 | 123,018 | 2,108,578 |

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.

| Financial instruments – classification at 31st March 2021 | Fair value through profit & loss | Financial assets at amortised cost | Financial liabilities at amortised cost | Total financial instruments |
|---|--|---|--|-----------------------------------|
| | £000 | £000 | £000 | £000 |
| Financial Assets | | | | |
| Northern LGPS assets | 129,595 | 0 | 0 | 129,595 |
| Bonds | 1,315,811 | 0 | 0 | 1,315,811 |
| Equities | 12,112,419 | 0 | 0 | 12,112,419 |
| Index-linked securities | 735,119 | 0 | 0 | 735,119 |
| Pooled investment vehicles | 1,459,532 | 0 | 0 | 1,459,532 |
| 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 |

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

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

| 2019-20 £000 | Current assets (Debtors) | 2020-21 £000 |
|-----------------|--|-----------------|
| | Debtors | |
| 24,587 | Contributions due from employees and employers | 29,614 |
| 29,611 | Other debtors | 51,419 |
| 54,197 | Total current assets | 81,033 |

Note 21. Current liabilities

| 2019-20 £000 | Current liabilities | 2020-21 £000 |
|-----------------|----------------------------------|-----------------|
| | Creditors | |
| -12,849 | Unpaid benefits | -9,811 |
| -7,632 | Other current liabilities | -11,555 |
| -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.

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

| Asset type | 2020-21 Potential market movement +/- (%pa) | 2019-20 Potential market movement +/- (%pa) |
|----------------------------------|---|---|
| UK corporate bonds | 25.40 | 12.30 |
| UK equities | 31.20 | 18.80 |
| UK public sector bonds | 4.60 | 7.20 |
| UK index-linked | 5.90 | 3.60 |
| UK pooled funds-properties | 1.50 | 3.10 |
| UK pooled funds-other | 1.50 | 3.10 |
| UK direct property | 16.60 | 7.30 |
| Overseas corporate bonds | 5.80 | 9.30 |
| Overseas equities | 39.30 | 7.50 |
| Overseas public sector Bonds | 5.80 | 9.30 |
| Overseas index-linked | 0.90 | 3.60 |
| Overseas pooled funds-properties | 1.50 | 3.10 |
| Overseas pooled funds-other | 1.50 | 3.10 |
| Cash deposits | 1.50 | 2.00 |
| Cash at bank | 1.50 | 0.01 |
| Other investment assets | 0.00 | 0.00 |
| Other investment liabilities | 0.00 | 0.00 |

| Asset type | Value as at | Value as at |
|----------------------------------|-------------------|-------------------|
| | 31-Mar-21 | 31-Mar-20 |
| | £000 | £000 |
| UK corporate bonds | 441,838 | 362,039 |
| UK equities | 6,150,463 | 4,977,267 |
| UK public sector bonds | 549,861 | 672,778 |
| UK index-linked | 645,331 | 640,816 |
| UK pooled funds-properties | 529,604 | 522,465 |
| UK pooled funds-other | 311,391 | 228,283 |
| UK direct property | 7,300 | 6,675 |
| Overseas corporate bonds | 91,410 | 98,232 |
| Overseas equities | 6,091,551 | 4,554,827 |
| Overseas public sector Bonds | 232,701 | 254,139 |
| Overseas index-linked | 89,788 | 95,303 |
| Overseas pooled funds-properties | 76,419 | 86,960 |
| Overseas pooled funds-other | 542,119 | 376,653 |
| Cash deposits | 422,003 | 254,625 |
| Cash at 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 |

| Asset type | Value as at | Percentage change | Value on increase | Value on decrease |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-Mar-21 | | | |
| | £000 | % | £000 | £000 |
| UK corporate bonds | 441,838 | 25.40 | 554,065 | 329,611 |
| UK equities | 6,150,463 | 31.20 | 8,069,407 | 4,231,519 |
| UK public sector bonds | 549,861 | 4.60 | 575,155 | 524,567 |
| UK index-linked | 645,331 | 5.90 | 683,406 | 607,256 |
| UK pooled funds-properties | 529,604 | 1.50 | 537,548 | 521,660 |
| UK pooled funds-other | 311,391 | 1.50 | 316,062 | 306,720 |
| UK direct property | 7,300 | 16.60 | 8,512 | 6,088 |
| Overseas corporate bonds | 91,410 | 5.80 | 96,712 | 86,108 |
| Overseas equities | 6,091,551 | 39.30 | 8,485,531 | 3,697,571 |
| Overseas public sector Bonds | 232,701 | 5.80 | 246,198 | 219,204 |
| Overseas index-linked | 89,788 | 0.90 | 90,596 | 88,980 |
| Overseas pooled funds-properties | 76,419 | 1.50 | 77,565 | 75,273 |
| Overseas pooled funds-other | 542,119 | 1.50 | 550,251 | 533,987 |
| Cash deposits | 422,003 | 1.50 | 428,333 | 415,673 |
| Cash at bank | 41,592 | 1.50 | 42,216 | 40,968 |
| Other investment assets | 58,153 | 0.00 | 58,153 | 58,153 |
| Other investment liabilities | -13,990 | 0.00 | -13,990 | -13,990 |
| Total Investment Assets | 16,267,534 | | 20,805,720 | 11,729,348 |

| Asset type | Restated Value as at 31-Mar-20 £000 | Percentage change % | Value on increase £000 | Value on decrease £000 |
|----------------------------------|--|------------------------|---------------------------|---------------------------|
| UK corporate bonds | 362,039 | 12.30 | 406,570 | 317,508 |
| UK equities | 4,977,267 | 18.80 | 5,912,993 | 4,041,541 |
| UK public sector bonds | 672,778 | 7.20 | 721,218 | 624,338 |
| UK index-linked | 640,816 | 3.60 | 663,885 | 617,747 |
| UK pooled funds-properties | 522,465 | 3.10 | 538,661 | 506,269 |
| UK pooled funds-other | 228,283 | 3.10 | 235,360 | 221,206 |
| UK direct property | 6,675 | 7.30 | 7,162 | 6,188 |
| Overseas corporate bonds | 98,232 | 9.30 | 107,368 | 89,096 |
| Overseas equities | 4,554,827 | 7.50 | 4,896,439 | 4,213,215 |
| Overseas public sector Bonds | 254,139 | 9.30 | 277,774 | 230,504 |
| Overseas index-linked | 95,303 | 3.60 | 98,734 | 91,872 |
| Overseas pooled funds-properties | 86,960 | 3.10 | 89,656 | 84,264 |
| Overseas pooled funds-other | 376,653 | 3.10 | 388,329 | 364,977 |
| Cash deposits | 254,625 | 2.00 | 259,718 | 249,533 |
| Cash at bank | 46,842 | 2.00 | 47,779 | 45,905 |
| Other investment assets | 53,918 | 0.00 | 53,918 | 53,918 |
| Other investment liabilities | -51,239 | 0.00 | -51,239 | -51,239 |
| Total Investment Assets | 13,180,582 | | 14,654,325 | 11,706,842 |

Alternative (universe) assets have been restated and the assets have now been split between UK and overseas Pooled funds - other

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 | Value on Increase | Value on decrease |
|---|---------------------------|----------------------|----------------------|
| | | +100BPS | -100BPS |
| | £000 | £000 | £000 |
| Bonds | 1,315,811 | 1,328,968 | 1,302,652 |
| 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 | 1,797,199 | 1,761,611 |

| Asset type | Value at 31-Mar-20 | Value on Increase | Value on decrease |
|---|-----------------------|----------------------|----------------------|
| | | +100BPS | -100BPS |
| | £000 | £000 | £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 31 st March 2021 | Value as at 31 st March 2020 |
|--------------------------------|--|--|
| | £000 | £000 |
| Overseas corporate bonds | 91,410 | 98,232 |
| Overseas equities | 6,091,551 | 4,554,827 |
| Overseas public sector Bonds | 232,701 | 254,139 |
| Overseas index-linked | 89,788 | 95,303 |
| Overseas properties | 76,419 | 86,960 |
| Overseas unit trusts | 542,119 | 394,203 |
| Total overseas assets | 7,123,988 | 5,483,664 |

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 March 2021 | Value on increase | Value on decrease |
|------------------------------|---------------------------|----------------------|----------------------|
| | £000 | £000 | £000 |
| Overseas corporate bonds | 91,410 | 96,895 | 85,925 |
| Overseas equities | 6,091,551 | 6,457,044 | 5,726,058 |
| Overseas public sector Bonds | 232,701 | 246,663 | 218,739 |
| Overseas index-linked | 89,788 | 95,175 | 84,401 |
| Overseas properties | 76,419 | 81,004 | 71,834 |
| Overseas unit trusts | 542,119 | 574,646 | 509,592 |
| Total overseas assets | 7,123,988 | 7,551,427 | 6,696,549 |

| Asset type | Value at | Value on | Value on |
|------------------------------|------------------|------------------|------------------|
| | 31-Mar-20 | increase | decrease |
| | £000 | £000 | £000 |
| Overseas corporate bonds | 98,232 | 104,126 | 92,338 |
| Overseas equities | 4,554,827 | 4,828,117 | 4,281,537 |
| Overseas public sector Bonds | 254,139 | 269,387 | 238,891 |
| Overseas index-linked | 95,303 | 101,021 | 89,585 |
| Overseas properties | 86,960 | 92,178 | 81,742 |
| Overseas unit trusts | 376,653 | 399,252 | 354,054 |
| 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 17.

f) Liquidity risk

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

Note 24. Contractual commitments

At 31 March 2021 the West Yorkshire Pension Fund had the following un-drawn commitments:

| | Investment value at 31 March 2021 | Un-drawn commitments |
|----------------|--------------------------------------|-------------------------|
| | £m | £m |
| Private equity | 1,549 | 1,237 |
| Property funds | 596 | 76 |
| Total | 2,145 | 1,313 |

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

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

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

Note 25. Accounting Developments

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

- **IAS 28 Long-term interests** in Associates and Joint Ventures (Amendments to IAS 28) provide clarity that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- **IFRIC 23 Uncertainty over Income Tax Treatment**, the latest update deals with uncertainty over income tax treatments.
- **IFRS 9 Financial Instruments**, the update standard deals with concerns about how IFRS 9 classifies particular prepayable financial assets. In addition, the IASB clarified an aspect of the accounting for financial liabilities following a modification.
- **IAS 19 Employee Benefits**, the latest amendment harmonises accounting practices and provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.

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

Note 26. Investment Strategy Statement

The West Yorkshire Pension Fund has prepared an Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013. Full details of the ISS and the FSS are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wyprf.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 | BAILDON TOWN COUNCIL |
| LEEDS CITY COUNCIL | BANKSIDE PRIMARY SCHOOL |
| CALDERDALE M.B.C | BARDSEY PRIMARY FOUNDATION SCHOOL |
| KIRKLEES M.C | BARNARDOS ASKHAM GRANGE PRISON |
| WAKEFIELD M.D.C | BASKETBALL ENGLAND |
| ABBEY MULTI ACADEMY TRUST | BATLEY GRAMMAR SCHOOL (BATLEY M.A.T.) |
| ABSOLUTELY CATERING LIMITED (BATLEY MAT) | BATLEY MULTI ACADEMY TRUST |
| ABSOLUTELY CATERING LTD (BGS) | BECKFOOT TRUST |
| ACCORD MULTI ACADEMY TRUST | BEESTON HILL ST LUKES C E PRIMARY SCHOOL |
| ACKWORTH PARISH COUNCIL | BEESTON PRIMARY TRUST |
| ADDINGHAM PARISH COUNCIL | BELLE ISLE TENANT MANAGEMENT ORG |
| ADEL ST JOHN THE BAPTIST C E (V A) PRIMARY SCHOOL | BID SERVICES |
| AFFINITY TRUST | BINGLEY GRAMMAR SCHOOL |
| AIREBOROUGH LEARNING PARTNERSHIP TRUST | BIRSTALL PRIMARY ACADEMY |
| ALL SAINTS C E J & I SCHOOL | BLESSED CHRISTOPHER WHARTON ACADEMY TRUST |
| ALL SAINTS RICHMOND HILL CHURCH OF ENGLAND PRIMARY SCHOOL | BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (CALDERDALE) |
| AMEY COMMUNITY LTD BRADFORD BSF PHASE 2 FM SERVICES | BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (KIRKLEES) |
| AMEY COMMUNITY LTD FM SERVICES | BOOTHROYD PRIMARY ACADEMY |
| AMEY INFRASTRUCTURE SERVICES LTD (WAKEFIELD) | BRADFORD ACADEMY |
| APCOA PARKING (UK) LIMITED | BRADFORD COLLEGE |
| ARAMARK LIMITED | BRADFORD DIOCESAN ACADEMIES TRUST |
| ARCADIS (UK) LTD | BRADFORD DISTRICT CREDIT UNION |
| ARTS COUNCIL ENGLAND | BRADSHAW PRIMARY SCHOOL |
| ASPENS SERVICES LTD | BRAMLEY PARK ACADEMY |
| ASPENS SERVICES LTD (APPLETON ACADEMY) | BRAMLEY ST PETERS C OF E SCHOOL |
| ASPENS SERVICES LTD (OASIS ACADEMY) | BRIGHOUSE ACADEMY |
| ASPIRE COMMUNITY BENEFIT SOCIETY LTD | BRIGHTER FUTURES ACADEMY TRUST |
| ASPIRE-I | BRIGSHAW LEARNING PARTNERSHIP |
| ASPIRE-IGEN LTD | BRITISH GAS SOCIAL HOUSING LTD |
| | |
| BRODETSKY JEWISH (V A) PRIMARY SCHOOL | COMPASS CONTRACT SERVICES (NORTHERN EDUCATION TRUST) |
| BRONTE ACADEMY TRUST | COMPASS CONTRACT SERVICES (PARK VIEW & EAST GARFORTH) |
| BROOKSBANK SCHOOL SPORTS COLLEGE | COMPASS CONTRACT SERVICES (ST JOHN FISHERS) |
| BURLEY PARISH COUNCIL | COMPASS CONTRACT SERVICES (UK) (PONTEFRAC ACADEMIES TRUST) |
| BURNLEY ROAD ACADEMY | COMPASS CONTRACT SERVICES (UK) LTD |
| C AND K CAREERS LTD | COMPASS CONTRACT SERVICES (UK) LTD (CHARTWELL) |
| CAFCASS | COMPASS CONTRACT SERVICES (WESTBOROUGH HIGH SCHOOL) |
| CALDER HIGH SCHOOL | COMPASS CONTRACT SERVICES (WHETLEY ACADEMY) |
| CALDERDALE COLLEGE | COMPASS CONTRACT SERVICES LTD (MANOR CROFT) |
| CALVERLEY C OF E PRIMARY SCHOOL | CONSULTANT CLEANERS LIMITED (WESTBOROUGH HIGH SCHOOL) |
| CARDINAL HEENAN CATHOLIC HIGH SCHOOL | COOKRIDGE HOLY TRINITY C E PRIMARY SCHOOL |
| CARE QUALITY COMMISSION | CORPUS CHRISTI CATHOLIC COLLEGE |
| CARR MANOR COMMUNITY SCHOOL | CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL |
| CARROLL CLEANING CO LTD (LAPAGE PRIMARY SCHOOL) | COTTINGLEY PRIMARY ACADEMY |
| CARROLL CLEANING COMPANY (NESSFIELD PRIMARY SCHOOL) | CRAFT CENTRE & DESIGN GAL. LTD |

| PARTICIPATING EMPLOYERS | |
|--|---|
| CARROLL CLEANING COMPANY LIMITED (FRIZINGHALL) | CREATIVE SUPPORT LIMITED |
| CARROLL CLEANING COMPANY LTD (BIRKENSHAW PRIMARY SCHOOL) | CRESCENT PURCHASING LTD |
| CARROLL CLEANING COMPANY LTD (HOLY TRINITY PRIMARY) | CRIGGLESTONE ST JAMES CE PRIMARY ACADEMY |
| CARROLL CLEANING COMPANY LTD (PEEL PARK PRIMARY SCHOOL) | CROFTON ACADEMY |
| CARROLL CLEANING COMPANY LTD (SOUTHMERE PRIMARY ACADEMY) | CROSSLEY HALL PRIMARY SCHOOL |
| CARROLL CLEANING COMPANY LTD (ST JOHNS WAKEFIELD) | DARRINGTON C OF E PRIMARY SCHOOL |
| CARROLL CLEANING COMPANY LTD (WAKEFIELD) | DEIGHTON GATES PRIMARY FOUNDATION SCHOOL |
| CARROLL CLEANING COMPANY LTD (WHETLEY) | DELTA ACADEMIES TRUST |
| CASTLEFORD ACADEMY | DENBY DALE PARISH COUNCIL |
| CATERLINK LIMITED (IRELAND WOOD PRIMARY SCHOOL) | DIXONS ACADEMIES CHARITABLE TRUST LTD |
| CBRE MANAGED SERVICES LIMITED | EBOR GARDENS PRIMARY ACADEMY |
| CHIEF CONSTABLE FOR WEST YORKSHIRE | ELEVATE MULTI ACADEMY TRUST |
| CHURCHILL CONTRACT SERVICES (B B G ACADEMY) | ENGIE SERVICES LTD |
| CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE SECURITY) | ENHANCE ACADEMY TRUST |
| CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE) | ENVIROSERVE (PRIESTLEY ACADEMY TRUST) CLOSED 01/02/2020 |
| CHURCHILL CONTRACT SERVICES (OUTWOOD GRANGE ACADEMIES TRUST) | ETHOS ACADEMY TRUST |
| CHURCHILL CONTRACT SERVICES (SHARE MAT) | EXCEED ACADEMIES TRUST |
| CLAPGATE PRIMARY SCHOOL | FALCON EDUCATION ACADEMIES TRUST |
| CLAYTON PARISH COUNCIL | FEVERSHAM EDUCATION TRUST |
| COALFIELDS REGENERATION TRUST | FEVERSHAM PRIMARY ACADEMY |
| COCKBURN MULTI ACADEMY TRUST | FIELDHEAD JUNIOR INFANT AND NURSERY ACADEMY |
| COLLABORATIVE LEARNING TRUST | FLEET FACTORS LTD |
| COLLINGHAM LADY ELIZABETH HASTINGS | FOXHILL PRIMARY SCHOOL |
| COMMUNITY ACCORD | FUTURE CLEANING SERVICES LIMITED (CALDER HIGH) |
| COMPASS (LEEDS PFI SCHOOLS) | GREENHEAD SIXTH FORM COLLEGE |
| COMPASS CONTRACT SERVICES (GREEN LANE) | GROUNDWORK LEEDS |
| COMPASS CONTRACT SERVICES (LAISTERDYKE) | GROUNDWORK WAKEFIELD |
| GROUP 4 TOTAL SECURITY LTD | INTERACTION AND COMMUNICATION ACADEMY TRUST |
| GROVE HOUSE PRIMARY | INTERACTION AND COMMUNICATION ACADEMY TRUST (HIGH PARK) |
| HALIFAX OPPORTUNITIES TRUST (CALDERDALE) | INTERSERVE (FACILITIES MANAGEMENT) LTD |
| HANSON SCHOOL | INTERSERVE (FACILITIES MANAGEMENT) LTD (P.C.C FOR WEST YORKSHIRE) |
| HAWKSWORTH C E (VA) PRIMARY SCHOOL | INTERSERVE (FACILITIES MANAGEMENT) LTD (W Y POLICE CLEANING CONTRACT) |
| HEBDEN ROYD TOWN COUNCIL | INTERSERVE CATERING SERVICES LIMITED |
| HECKMONDWIKE GS ACADEMY TRUST | INTERSERVE INTEGRATED SERVICES LTD |
| HEMSWORTH TOWN COUNCIL | IQRA ACADEMY (FEVERSHAM EDUCATION TRUST) |
| HEPWORTH GALLERY TRUST | JERRY CLAY ACADEMY |
| HF TRUST LIMITED | JOHN SMEATON ACADEMY |
| HILL TOP FIRST SCHOOL | KEELHAM PRIMARY SCHOOL |
| HOLLY BANK TRUST | KEEPMOAT PROPERTY SERVICES LIMITED |
| HOLME VALLEY PARISH COUNCIL | KEIGHLEY TOWN COUNCIL |
| HOLY FAMILY CATHOLIC (VA) PRIMARY SCHOOL | KHALSA SCIENCE ACADEMY |
| HOLY TRINITY PRIMARY C OF E ACADEMY | KILLINGHALL PRIMARY SCHOOL |
| HORBURY BRIDGE CE J AND I SCHOOL | KING JAMES'S SCHOOL |
| HORSFORTH SCHOOL ACADEMY | KIRKBURTON PARISH COUNCIL |
| HORSFORTH TOWN COUNCIL | KIRKLEES ACTIVE LEISURE |
| HORTON HOUSING ASSOCIATION (BRADFORD) | KIRKLEES CITIZENS ADVICE AND LAW CENTRE |
| HUDDERSFIELD NEW COLLEGE | KIRKLEES COLLEGE |
| HUGH GAITSKELL PRIMARY SCHOOL TRUST | KIRKLEES NEIGHBOURHOOD HSE LTD |

| PARTICIPATING EMPLOYERS | |
|--|---|
| HUMANKIND CHARITY (LEEDS) | KIRKSTALL ST STEPHENS C E (VA) PRIMARY SCHOOL |
| HUNSLET ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL | LADY ELIZABETH HASTINGS SCHOOL |
| HUTCHISON CATERING LTD (GUISELEY SCHOOL) | LAISTERDYKE LEADERSHIP ACADEMY |
| I S S MEDICLEAN LTD | LANE END PRIMARY TRUST |
| ILKLEY PARISH COUNCIL | LEARNING ACCORD MULTI ACADEMY TRUST |
| IMPACT EDUCATION MULTI ACADEMY TRUST | LEEDS AND BRADFORD INTERNATIONAL AIRPORT |
| INCOMMUNITIES | LEEDS APPROPRIATE ADULT SERVICE |
| INNOVATE SERVICES LTD (CROSSFLATTS) | LEEDS ARTS UNIVERSITY |
| INSPIRE PARTNERSHIP MULTI ACADEMY TRUST | LEEDS BECKETT UNIVERSITY |
| LEEDS C.A.B. | MELTHAM TOWN COUNCIL |
| LEEDS CENTRE FOR INTEGRATED LIVING | MENSTON PARISH COUNCIL |
| LEEDS CITY ACADEMY | MICKLEFIELD PARISH COUNCIL |
| LEEDS CITY COLLEGE | MILL FIELD PRIMARY ACADEMY (WRAT) |
| LEEDS COLLEGE OF BUILDING | MINSTHORPE ACADEMY TRUST |
| LEEDS COLLEGE OF MUSIC | MITIE LIMITED (LEEDS SCHOOLS PFI) |
| LEEDS EAST PRIMARY PARTNERSHIP TRUST | MITIE PFI LIMITED |
| LEEDS GRAND THEATRE & OPERA HSE | MOORLANDS LEARNING TRUST |
| LEEDS JEWISH FREE SCHOOL | MORLEY TOWN COUNCIL |
| LEEDS METROPOLITAN UNIVERSITY | MOUNT ST MARYS CATHOLIC HIGH SCHOOL |
| LEEDS NORTH WEST EDUCATION PARTNERSHIP | MOUNTAIN HEALTHCARE LTD (W Y POLICE) |
| LEEDS SOCIETY FOR THE DEAF & BLIND | MYRTLE PARK PRIMARY SCHOOL |
| LEEDS TRINITY UNIVERSITY | N.I.C. SERVICES GROUP LIMITED (MIDDLETON ST MARYS LEEDS) |
| LEODIS ACADEMIES TRUST | NATIONAL COAL MINING MUSEUM FOR ENGLAND |
| LIBERTY GAS OUTER WEST | NEW COLLABORATIVE LEARNING TRUST |
| LIBERTY GAS WEST | NINELANDS PRIMARY SCHOOL |
| LIDGET GREEN COMMUNITY CO-OPERATIVE LEARNING TRUST | NORMANTON TOWN COUNCIL |
| LIGHTCLIFFE C.E. J & I SCHOOL | NORTH HALIFAX GRAMMAR ACADEMY |
| LIGHTHOUSE SCHOOL | NORTH HALIFAX PARTNERSHIP LTD |
| LINDLEY C E INFANT ACADEMY | NORTHERN AMBITION ACADEMIES TRUST |
| LINDLEY JUNIOR SCHOOL ACADEMY TRUST | NORTHERN EDUCATION TRUST |
| LOCALA | NORTHERN SCH.OF CONTEMP DANCE |
| LOCALA (CALDERDALE) | NORTHERN STAR ACADEMIES TRUST |
| LONGROYDE JUNIOR SCHOOL | NORTHORPE HALL CHILD AND FAMILY TRUST |
| MAKING SPACE | NOTRE DAME SIXTH FORM COLLEGE |
| MAST ACADEMY TRUST | NPS (NORTH EAST) LTD |
| MEANWOOD C E (VA) PRIMARY SCHOOL | NPS LEEDS LIMITED |
| MEARS LTD (SOUTH) | NURTURE ACADEMIES TRUST |
| MEARS LTD (WEST) | NURTURE ACADEMIES TRUST (DOLCE) |
| MELLORS CATERING SERVICES LTD (CAVENDISH PRIMARY) | OASIS ACADEMY LISTER PARK |
| OFSTED | PROV CARLTON BOLLING COLLEGE |
| OLD EARTH ACADEMY | PROV NORSE COMMERCIAL SERVICES LTD (WELLSPRING ACADEMY TRUST) |
| ONE IN A MILLION FREE SCHOOL | PROV WRAT CLEANING CONTRACT |
| OPEN COLLEGE NETWORK YORKS & HUMBER (TRADING AS CERTA) | PUDSEY GRANGFIELD SCHOOL |
| OSSETT TRUST | PUDSEY SOUTHROYD PRIMARY SCHOOL TRUST |
| OTLEY TOWN COUNCIL | RAINBOW PRIMARY FREE SCHOOL |
| OUR LADY OF GOOD COUNSEL CATHOLIC PRIMARY SCHOOL | RASTRICK HIGH SCHOOL ACADEMY TRUST |
| OUTWOOD ACADEMY FREESTON | RAWDON PARISH COUNCIL |
| OUTWOOD ACADEMY HEMSWORTH | RED KITE LEARNING TRUST (HARROGATE HR HUB) |
| OUTWOOD ACADEMY WAKEFIELD CITY | RED KITE LEARNING TRUST (LEEDS EAST HR HUB) |
| OUTWOOD GRANGE ACADEMY | REEVY HILL PRIMARY SCHOOL |
| OUTWOOD PRIMARY ACADEMY BELL LANE | RENEW UK SERVICES LIMITED |
| OUTWOOD PRIMARY ACADEMY KIRKHAMGATE | RODILLIAN MULTI ACADEMY TRUST |

| PARTICIPATING EMPLOYERS | |
|---|--|
| OUTWOOD PRIMARY ACADEMY LEDGER LANE | ROOK'S NEST ACADEMY |
| OUTWOOD PRIMARY ACADEMY LOFTHOUSE GATE | ROTHWELL ST MARYS CATHOLIC (VA) PRIMARY SCHOOL |
| OUTWOOD PRIMARY ACADEMY NEWSTEAD GREEN | ROUNDHAY ST JOHNS C E (VA) PRIMARY SCHOOL |
| OUTWOOD PRIMARY ACADEMY PARK HILL | ROYDS COMMUNITY ASSOCIATION |
| OWLCOTES MULTI ACADEMY TRUST | ROYDS LEARNING TRUST |
| PENNINE ACADEMIES YORKSHIRE | RUSSELL HALL FIRST SCHOOL |
| PINNACLE (W Y POLICE) | RYBURN VALLEY ACADEMY |
| PINNACLE FM LIMITED (KIRKLEES) | RYHILL PARISH COUNCIL |
| PINNACLE FM LTD | SACRED HEART CATHOLIC (VA) PRIMARY SCHOOL |
| PONTEFRACT ACADEMIES TRUST | SALENDINE NOOK ACADEMY TRUST |
| POOL PARISH COUNCIL | SALTERLEE ACADEMY TRUST |
| POSSABILITIES CIC | SCOUT ROAD ACADEMY |
| PRIESTHORPE SCHOOL TRUST | SEA FISH INDUSTRY AUTHORITY |
| PRIESTLEY ACADEMY TRUST | SERVEST (B B G ACADEMY) |
| PRIMROSE LANE PRIMARY FOUNDATION SCHOOL | SHARE MULTI ACADEMY TRUST |
| PROGRESS TO CHANGE (CARDIGAN HOUSE) | SHIBDEN HEAD PRIMARY ACADEMY |
| PROGRESS TO CHANGE (RIPON HOUSE) | SHIPLEY COLLEGE |
| PROSPECTS SERVICES (BRADFORD 3) | SHIRLEY MANOR PRIMARY ACADEMY |
| SITLINGTON PARISH COUNCIL | STRAWBERRY FIELDS PRIMARY SCHOOL |
| SKILLS FOR CARE LIMITED | SUEZ RECYCLING AND RECOVERY UK LIMITED |
| SODEXO LTD | TAYLOR SHAW LIMITED (GORSE ACADEMIES TRUST) |
| SOUTH ELMSALL TOWN COUNCIL | TAYLOR SHAW LIMITED (GORSE AT ELLIOTT HUDSON COLLEGE) |
| SOUTH HIENDLEY PARISH COUNCIL | TAYLORSHAW LTD (COOKRIDGE HOLY TRINITY SCHOOL) |
| SOUTH KIRKBY AND MOORTHORPE TOWN COUNCIL | TAYLORSHAW LTD (SWARCLIFFE PRIMARY SCHOOL) |
| SOUTH OSSETT INFANTS ACADEMY | THE ANAH PROJECT |
| SOUTH PENNINE ACADEMIES | THE BISHOP KONSTANT CATHOLIC TRUST |
| SPIE LTD | THE BISHOP WHEELER CATHOLIC ACADEMY TRUST |
| SSE CONTRACTING LTD | THE CO-OPERATIVE ACADEMIES TRUST |
| ST ANNE'S (BRADFORD) COMMUNITY SERVICES | THE CROSSLEY HEATH ACADEMY TRUST |
| ST ANNE'S COMMUNITY SERVICES | THE FAMILY OF LEARNING TRUST |
| ST ANTHONYS CATHOLIC (VA) PRIMARY SCHOOL | THE GORSE ACADEMIES TRUST |
| ST EDWARDS CATHOLIC (VA) PRIMARY SCHOOL | THE GREETLAND ACADEMY TRUST |
| ST FRANCIS CATHOLIC PRIMARY SCHOOL | THE LANTERN LEARNING TRUST |
| ST FRANCIS OF ASSISI CATHOLIC (VA) PRIMARY SCHOOL | THE MFG ACADEMIES TRUST |
| ST GREGORY THE GREAT CATHOLIC ACADEMY TRUST | THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE |
| ST JOHN'S (CE) PRIMARY ACADEMY TRUST | THORNHILL JUNIOR AND INFANT SCHOOL |
| ST JOHN'S APPROVED PREMISES LIMITED | THORNTON GRAMMAR SCHOOL |
| ST JOHN'S PRIMARY ACADEMY RISHWORTH | THORNTON PRIMARY SCHOOL |
| ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL WETHERBY | THORP ARCH LADY ELIZABETH HASTINGS C E (VA) PRIMARY SCHOOL |
| ST JOSEPHS RC PRIMARY SCHOOL (TODMORDEN) RCAT | TNS CATERING (SPTA) |
| ST MATTHEWS C E PRIMARY SCHOOL | TOGETHER HOUSING ASSOCIATION LTD (GREENVALE) |
| ST MICHAEL & ALL ANGELS J & I | TOGETHER HOUSING ASSOCIATION LTD (PENNINE) |
| ST NICHOLAS CATHOLIC PRIMARY SCHOOL | TONG LEADERSHIP ACADEMY |
| ST OSWALDS CHURCH OF ENGLAND PRIMARY SCHOOL | TRINITY ACADEMY HALIFAX |
| ST PATRICKS CATHOLIC (VA) PRIMARY SCHOOL | TURNING LIVES AROUND |
| ST PETERS C E PRIMARY SCHOOL | TURNING POINT |
| ST PHILIPS CATHOLIC PRIMARY SCHOOL | UNITED RESPONSE |
| ST THERESAS CATHOLIC PRIMARY SCHOOL | UNIVERSITY ACADEMY KEIGHLEY |
| STAR ACADEMIES TRUST | UNIVERSITY OF BRADFORD |
| UNIVERSITY OF HUDDERSFIELD | |
| UNIVERSITY TECHNICAL COLLEGE LEEDS | |

| PARTICIPATING EMPLOYERS | |
|--------------------------------------|--|
| W.Y. FIRE & RESCUE AUTHORITY | |
| WAKEFIELD & DISTRICT HOUSING LTD | |
| WAKEFIELD COLLEGE | |
| WATERTON ACADEMY TRUST | |
| WELLSPRING ACADEMY TRUST | |
| WEST YORKSHIRE COMBINED AUTHORITY | |
| WESTWOOD PRIMARY SCHOOL TRUST | |
| WETHERBY HIGH SCHOOL | |
| WETHERBY TOWN COUNCIL | |
| WHINMOOR ST PAULS C E PRIMARY SCHOOL | |
| WHITEHILL COMMUNITY ACADEMY | |
| WILLIAM HENRY SMITH SCHOOL | |
| WILSDEN PRIMARY SCHOOL | |
| WOLSELEY UK LTD | |
| WOODSIDE ACADEMY | |
| WORTH VALLEY PRIMARY SCHOOL | |
| WRAT - LEEDS EAST ACADEMY | |
| WRAT - LEEDS WEST ACADEMY | |
| YORKSHIRE PURCHASING ORGANISATION | |
| DOLCE | |

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 or 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 (NDR)

These are rates levied on business properties. The level of NDR 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.

