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Report of the Director of Finance to the meeting of Governance and Audit Committee to be held on 25 September 2015.

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Subject:

STATEMENT OF ACCOUNTS 2014-15

Summary statement:

The 2014-15 Statement of Accounts (SOA) have been externally audited and are now presented to Governance and Audit Committee for approval. The External Auditor (Mazars) has reported their findings in two separate Audit Completion Reports, one for the Council and another for the West Yorkshire Pension Fund. Members are asked to consider these before approving the SOA.

This report provides an overview of the 2014-15 Statement of Accounts and includes a response to the Council's Audit Completion Report.

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1. BACKGROUND

1.1 The Director of Finance approved and issued the unaudited 2014-15 Statement of Accounts (SOA) by 30th June 2015 in accordance with the Accounts and Audit Regulations 2011. Also in accordance with these Regulations, Members are asked to approve the audited SOA on or before 30th September 2015.

1.2 The Council has issued Mazars (the External Auditor) with a written representation about the Council's financial statements and governance arrangements. Mazars have included this representation letter in the Audit Completion Report. Members are required to consider the Representation Letter before the auditor issues his opinion.

1.3 The Council's 2014-15 SOA, amended for adjustments required as a result of the audit are attached in Appendix A.

1.4.1 This report and the Appendices show the position of the external audit as at Wednesday 16 September. Following the completion of the independent review of the external audit, a verbal update will be provided as appropriate at the committee meeting.

2. KEY MESSAGES

a) Significant items included in the SOA

- At 31 March 2015 the Council's net worth (the total value of its financial assets less the value of its outstanding liabilities) decreased by £101m, a decrease due in the main to a £121m deterioration in the Council's Pension Fund Reserve to cover pension liabilities that will crystallise over a number of years.
- The two key factors that have caused the Council to report a small £16.5m negative net worth position at 31 March 2015 are; net pension liabilities of £733m and net liabilities of £142m for schools built under the Private Finance Initiative (PFI) that have converted to academies. As the latest Actuarial valuation puts in place a plan to recover the pension deficit over the next 21 years and the net PFI liabilities will be funded each year with a government grant, which statutory accounting rules does not allow the Council to include on its Balance Sheet, the negative worth at 31 March 2015 is not considered to be a matter for concern.
- Whilst in previous years the conversion of schools to academies and subsequent disposal of assets for nil payment has resulted in large Balance Sheet movements, in 2014-15 the impact has been less. This is because only two of the five schools with a net value of £6.7m, that converted to Academies in 2014-15, were included on the Council's opening Balance Sheet (Paragraph 4.1.b). (The other three were Voluntary Aided Schools and were not included on the Council's opening 2014-15 balance sheet.)
- The 2014-15 SOA contains one significant restatement of the 2013-14 accounts. This is in relation to a change in accounting policy for schools under which eleven foundation schools now meet the criteria around the level of control exercised by the Council over the assets. The impact in 2013-14 is to increase the value of Property, Plant and Equipment shown on the Balance Sheet by £66m. Like Bradford, nearly all Councils with responsibility for schools have restated previous

year’s accounts. Further information is set out in Para 3.1.

- At 31 March 2015 the Council had £34m of unallocated reserves available to support budget decisions. Out of which £15m (44%) has been spent immediately in 2015-16 line with the February 2015 Council Budget decision. After retaining £11m as a General Fund balance and ring fencing £38m of school balances, this leaves £101m of earmarked reserves to deliver Council priorities and meet contractual commitments and £34m of capital grants and receipts. (Para 4.1h)
- Overall as at 31 March 2015, the Council has £21m (£24m at 31 March 2014) set aside in provisions to meet outstanding termination, Insurance and Business Rate appeal costs. (Paragraph 4.1g). With the exception of Bradford’s share of the Business Rate Appeals provision to finance successful backdated appeals against the 2010 Business Ratings List which was increased by a net £1.5m to £7.5m, all other provisions were reduced in 2014-15.
- The Collection Fund Statement shows the Business Rate and Council Tax income collected by the Council and redistributed to itself and its preceptors. With regards to Bradford’s share, the Council Tax element of the Collection Fund ended the year with income £2m higher than budgeted. However, a spike in the number of appeals lodged against the Business Ratings List and a change in the valuation of purpose built GP surgeries led to a deficit on the Business Rates Collection Fund of £7.1m. As statute determines that the actual 2014-15 Business Rate income is the same as the budgeted 2014-15 Business Rate amount, the estimated increase in successful backdated appeals creates a budget pressure for 2016-17 and beyond.
- The Comprehensive Income and Expenditure (CI&E) Statement (page 18 SOA) shows a deficit on the provision of services of £24.753m in 2014-15. After removing expenditure and income which is not chargeable against Council Tax, Services spent £3.4m less than the approved 2014-15 net budget of £420.6m.
- £113.5m was invested in capital projects across the district. 20% of this capital investment was funded by internal borrowing, with the remainder funded from grants, revenue contributions and capital receipts (page 13 SOA).

b) Summary of the External Auditor’s findings in respect of the SOA and agreed amendments

- There are no matters to bring to Members’ attention in connection with the significant risks and key judgements set out in the 2014-15 Audit Strategy Memorandum.
- The External Auditor has recommended that the asset register is updated annually to remove vehicles, plant and equipment at the end of their useful lives. Previously for these assets, the asset register showed values for gross cost matched equally by cumulative depreciation, netting to nil. As the values netted to nil, there is no impact on the balance sheet. The Council identified this issue and removed vehicles that were at the end of their useful life in this year’s accounts. Going forward this process has been included as part of the closedown timetable.
- There was no material misstatement in the draft 2014-15 SOA.
- In 2014-15 the draft SOA contained three misstatements that affected the main statements and four misstatements that affected the disclosure notes. In both cases, no misstatement was material (over £13m).
- One misstatement required the Council to reverse a change it had made to where it disclosed in the Comprehensive Income and Expenditure (CI&E) the £6.7m loss on academy disposals. As the Audit confirmed that the latest guidance did not require the Council to make this change, the changes that had been made in the draft SOA

have been reversed in the final audited SOA.

- In addition, when the audit was in progress, the Council independently identified that a property revaluation for All Saints School undertaken during 2014-15 had not been included in the draft SOA. As the property revaluation resulted in a £4.2m reduction in value the main statements in the audited SOA have been restated. Further checks undertaken by the Council confirm that this was an isolated incident and all valuations completed in 2014-15 have now been reflected in the 2014-15 SOA.
- One insignificant amendment in the main statements that was above the Auditor's triviality threshold of £0.392m was in the CI&E Statement. £0.572m income relating to recovered VAT was originally treated as an exceptional item in the CI&E within the draft SOA. However, it was determined that because the amount was relatively small, it did not meet the criteria for an exceptional item and should be classified instead as Corporate and Democratic Core income.
- In relation to the disclosure notes, in Note 42, regarding External Audit Costs, a cost of £0.005m was added in respect of fees for other services.
- In the financial instruments disclosure notes only, there was an amendment to remove £9.2m Payments in Advance, wrongly classified as a financial instrument.
- Within the lease disclosure notes, Minimum Lease Receivables, for amounts received over a period longer than the next five years, were reduced by £4.1m in comparison to the draft 2014-15 SOA. (see Note 35, page 76).
- Also in the debtor disclosure note, £0.588m that was originally classified as Other entities & individuals was reclassified as either relating to Other Local Authorities or Central Government Bodies.
- A small number of presentational changes have also been made to improve the clarity of the SOA and the reader's understanding. For example, in the Related Party disclosure note, a detailed listing of joint arrangements was added. Also the value of Heritage Assets was shown over a five year period, rather than the two year period disclosed in the draft 2014-15 SOA.
- None of the misstatements impact on the General Fund balance or usable reserves as at 31 March 2015.

3. CHANGES IN ACCOUNTING POLICIES IN 2014-15 AND PRIOR YEAR ADJUSTMENTS

3.1 There has been ongoing discussion and consultation within the accountancy profession about which schools should be shown on Council's balance sheet. As a result a new accounting policy for the treatment of school assets was introduced in 2014-15 and the Council's 2013-14 balance sheet restated to include an additional eleven Foundation Schools with a total value of £66m. Whilst the change also impacted on the other main statements, the General Fund balance and usable reserves were unaffected.

4 SIGNIFCANT ITEMS INCLUDED IN 2014-15 SOA

The Council's full set of accounts runs to 138 pages and its content is prescribed by statutory accounting standards. Listed below therefore are the significant matters Members may wish to take into account when assessing the Council's financial resilience to deal with continuing real term reductions in funding and to take into consideration before approving the 2014-15 SOA.

4.1 Balance Sheet (page 19)

a) Net worth (total reserves)

The Council's net worth (the total value of its financial assets less the value of its outstanding liabilities) is represented in the Balance Sheet by the total value of its reserves. At 31 March 2015 the Council's net worth decreased by £101m from £84.5m to a negative net worth of £16.5m.

The main reason for the £101m reduction in the net worth of the authority was the deterioration of the Council's Pension Fund Reserve by £121m. Another significant reduction was caused by net property revaluation losses of £30m. These reductions were mitigated by compensatory increases, such as a £27m reduction in the net PFI liability, as well as £23m of capital grants received in year.

The Council's Pension Fund Reserve which shows a liability of £733m at 31 March 2015 is the largest element of the overall negative net worth. However, the actuarial estimate of this liability is sensitive to any changes to the underlying assumptions. For example, each 0.1% increase in the discount rate reduces the actuarial estimate of the liability by £43m.

The actuarial estimate of the Council's Pension Fund Reserve for the purposes of the SOA (the IAS 19 valuation) uses a set of assumptions regarded within the pension industry as cautious. For example, an alternative actuarial estimate using different assumptions, known as the three-yearly valuation, and done as at 31 March 2013, estimated a £63m deficit. However, the IAS 19 valuation at the same date, 31 March 2013, showed a deficit of £813m.

One of the reasons that the estimates are so different, is that the IAS 19 valuation incorporates more cautious assumptions about the growth of the investments set-aside to pay for future pension payments. Further, the IAS 19 valuation only considers the Pension Fund at the date of the valuation, comparing promises of future pension payments with the investments set aside to pay for them. It does not take into account that the Pension Fund is an ongoing concern and for this reason its estimated deficit is regarded as notional. In contrast the estimated deficit of the three-yearly valuation, which treats the Pension Fund as an ongoing concern, is regarded as operational.

In summary, the latest three-yearly valuation of the Pension Fund deficit, incorporating a number of assumptions on estimated future cashflows, demographics and investment returns, shows a deficit of £63m. The £63m is the operational pensions deficit for the Council and there is a plan to pay the £63m deficit over 21 years. By law an actuarial valuation has to be carried out every three years, the next valuation will take place in March 2016.

Another significant element of the overall net worth is the PFI liability of £142m but as this will be funded from an annual government grant, there is no overall cost to the Council. Future accounting changes, which will be reflected in the 2016-17 SOA, also mean that Transport Infrastructure assets, rather than being valued at Historical Cost, will be shown at Depreciated Replacement Cost. This will massively increase the Council's net worth, far in excess of the current £16.5m negative net worth.

b) Long term assets - Property, Plant and Equipment - Note 9 Page 42

Property, Plant and Equipment has increased from a restated £1,093m in 2013-14 to £1,112m in 2014-15, an increase of £19m. This is made up of £95m additions and £5m asset reclassifications, less net £33m revaluation reductions, £8m disposals, and £40m depreciation.

In recent years, the value of Property, Plant and Equipment shown on the Balance Sheet has been volatile due to judgements about school land and buildings and the ability of the Council to control the assets and influence future service potential.

In 2014-15 in the light of new accounting guidance, the Council has reviewed all schools in the District to determine whether they should be included on the Council's Balance Sheet. The result as stated in paragraph 3 was a restatement of the 2013-14 Balance Sheet and the inclusion of eleven Foundation Schools, with a value of £66m.

Disposals are less significant in 2014-15, than in previous years due primarily to the number and type of schools converting to an Academy. In 2014-15, five schools converted to academies. Two of these schools were Community Schools previously shown on the balance sheet so were moved off balance sheet: Springwood Community Primary School and Southmere Primary School. As the assets are disposed of for nil value the loss on disposal was £6.7m.

Two of the schools that converted to academies however were voluntary aided schools and already excluded from the Council's balance sheet: Our Lady of Victories Catholic Primary School and St Anne's Catholic Primary School. The remaining voluntary controlled School, St Philip's (CE) Primary School, was also previously excluded from the Council's balance sheet.

The table below categorises all Bradford schools and sets out the accounting treatment.

Type of school	2013-14	2014-15	Accounting Treatment
Community	94	92	On Balance Sheet
Special Schools	6	6	On Balance Sheet
Foundation	13	13	11 On Balance sheet and 2 Church of England off Balance Sheet
Voluntary Aided	33	30	Off Balance sheet
Voluntary Controlled*	13	12	Off Balance sheet with the exception of 5 schools the Council still holds the legal title
Academies	27	32	Off Balance sheet

Trust	5	5	Off Balance sheet
TOTAL SCHOOLS	**191**	**190**	
Nurseries	7	7	On Balance Sheet

The total number of schools has decreased due to the merger of St Joseph's and St Bedes (VA schools) have merged

c) Heritage Assets (Note 12, Page 45)

The £35.8m valuation at 31 March 2015 for Heritage assets showed a small increase during the year compared with a valuation of £32.07m at 31 March 2014.

d) Investment Properties (Note 13, Page 47)

The value of investment properties at 31 March 2015 was £47.9m, showing a reduction of £10.6m, mainly due to reclassifications to other asset categories, for example, £9.8m for land at Otley Road was reclassified to Property, Plant and Equipment.

e) Long term borrowing (Note 47c, Page 88)

When the Council's long term assets of £1.201bn at 31 March 2015 are compared to the Council's long term borrowing of £332m and long term PFI liability £202m, this gives a ratio of long term borrowing to fixed assets of 0.44 (0.53 in 2013-14) .

As previously noted, one factor contributing to this position and also the Council's relative low net worth is that the PFI liability for schools of £202m remains on the Council's Balance Sheet, while the related assets are valued at only £60m due to conversions to academies, trusts or foundation schools.

The Council's latest Medium Term Financial Plan sets out a strategy to reduce the overall Capital Financing Requirement (CFR) and thereby pay lower capital financing charges in future years. In 2014-15 as capital funding set aside in the financial year was over and above the amount which was invested in capital expenditure, the Council's CFR reduced by £8.6m.

The Medium Term Financial Plan also aims to lower the reliance on external borrowing. In accordance with this strategy, £53.6m of external borrowing is due to mature in 2015-16.

f) Current assets (Note 18, Page 48)

The Council's short term liquidity is good with a ratio of current assets of £242m (£281m in 2014) to current liabilities of £178m (£164m in 2014).

At £149m at 31 March 2015 (£163m at 31 March 2014), the Council's and schools cash and short term investments balances remain strong. As a result, in 2014-15, the Council did not have to borrow any cash from external organisations to fund capital expenditure, but was able to use its own cash balances within working capital.

g) Provisions (Note 20, Page 51).

At 31 March 2015 the Council held £21m compared to £23.8m as at 31 March 2014. The Business Rate provision increased from £6m is 2013-14 to £7.5m in 2014-15.

Other significant movements in provision balances in year were as follows:

- £4.6m was set aside in 2014-15 to fund future redundancy payments for voluntary redundancies agreed as part of the 2015-16 saving proposals.
- Provisions set aside for insurance claims reduced slightly from £9.2m in 2013-14 to £8.3m in 2014-15.
- The amount set aside to fund repayments of charges for land search fees reduced from £0.54m in 2013-14 to £0.16m in 2014-15.

h) Reserves (Note 5, Page 39)

At the 31 March 2015 the Council had £34m of unallocated reserves available to support future budget decisions, £15m (44%) of which has already been used to support 2015-16 budget decisions. With a further £7m allocated to partly bridge the forecasted revenue funding gap in 2016-17 this will leave a residual general reserve balance of just over £11m at 31 March 2017. A balance which could be regarded as potentially inadequate when set in the context of the continuing difficult outlook for public finances.

After retaining £10.8m as a General Fund balance and ring fencing £38.4m of school balances (see 4.3), this leaves the Council with £101m of resources to meet the cost of future commitments, political priorities and specific financial risks and £33.8 of capital receipts and grants.

Reserves	1 April 2014 £m	31 March 2015 £m
Total	216.5	218.0
Comprising;-		
Corporate earmarked reserves to cover specific financial risks or initiatives	42.6	47.7
Reserves to support the capital investment plan	14.2	13.9
Service earmarked reserves supported by spending plans	25.9	30.6
Grants received but not yet used for their specified purposes	12.2	9.1
General Fund balance	10.8	10.8
School balances	40.5	38.4
Capital grants and receipts	39.3	33.8
Unallocated corporate reserves	31.0	33.7

Unallocated reserves used to support 2015-16 budget	-14.8.
Remaining unallocated corporate reserves at the start of 2015-16	**18.9**

Further information on the Council's Reserves can be found in Note 5, Page 39.

i. Pension Liability (Note 31, Page 64)

There was a £121m deterioration in the Council's Pension Fund Reserve, representing a £733m shortfall. This deterioration was mainly caused by low inflation, which has the effect of increasing the cost of the Council's promises to pay pensions in the future. This happens because the actuary when estimating the shortfall between future promises to pay pensions and the pension assets available to fund them is projecting into the future. In the future a pension payment is worth less than an equivalent payment now, because of the impact of inflation on the purchasing value of money. As inflation reduces, the purchasing value of future pension payments increases, increasing the cost of promises to pay pensions.

The negative impact of low inflation on future promises to pay pensions outweighed the positive impact from the increase in the value of pension assets, caused in part by the increase in stock market values during 2014-15. However, the last three-yearly valuation planned to refund the overall shortfall over a 21 year period.

4.2 Comprehensive Income and Expenditure Statement (CIES) – Page 18

a) Financial Outturn and Deficit on the Provision of Services

In the Financial summary (page 9) the Director of Finance reports that in 2014-15 net revenue spending was £417.2m, which was £3.4m lower than budgeted. This surplus was transferred to earmarked reserves, together with a further £7m of funds carried forward by Services to enable them to complete projects in 2015-16. In contrast, the CI&E shows a £24.7m deficit on the provision of services. The Movement in Reserves Statement (MIR) – page 16 explains how the £24.7m which includes depreciation, losses on the disposal of assets and revaluation losses is reversed out of useable reserves into unusable reserves. The reason is that because of statute many of the transactions that make up the deficit cannot be charged to the General Fund Account. The £3.4m underspend forms part of the net £9m transfer into earmarked reserves (line O, MIR, page 17) and line B Note 5, page 39.

4.3 Collection Fund Statement – Page 91

Prior to the introduction of the new Business Rates regime in 2013-14, the Council paid all Business Rates collected over to the Government, contributing to the overall Business Rates Pool, which operated nationally. The Government paid over to the Council a share of the Business Rates from this Pool, an amount pre-allocated within the Funding Settlement. Instead, because of the introduction of the new Business Rates regime in 2013-14, the Council now takes a direct 49% share of all Business Rates income collected. Therefore, within this new regime, when less

Business Rate income is collected, there is a direct loss of income. However by statute, this direct loss of income impacts in future years, rather than the year in which the loss was generated.

This is because by statute, the Council receipts into its CI&E, for Council Tax and Business Rates income, an amount equivalent to the budget. However, the variance between the budget and the actual income collected generates a surplus or deficit in the Collection Fund, which has to be paid off in the following year or in future years.

Business Rate payers are able to appeal the rateable value assessment of their properties, to the Valuation Office Agency (VOA). When contested by the VOA, these appeals may ultimately be decided on at valuation tribunals. Valuation Tribunal decisions, therefore, now have a significant impact on the Council's financial resources. For example, in early 2015, there was a decision by the Upper Tribunal (land chamber) to change the technical valuation basis of purpose built GP surgeries, reducing rateable values.

The Collection Fund Statement shows an overall cumulative deficit of £12.1m at the end of 2014-15. The deficit comprises a £2.3m Council Tax surplus less a £14.5m Business Rates deficit. The Council's respective share of these amounts are a £2m Council Tax surplus and a £7.1m deficit on Business Rates. The £7.1m deficit on Business Rates is mainly caused by successful backdated appeals, the cost of which can be recovered over a period of time in 2016-17 and 2017-18.

Approximately £2.3m of the Council's £7.1m share of the deficit on Business Rates, was caused by the Upper Tribunal decision on GP surgeries, causing a significant transfer of financial resources.

5.0 AUDIT ARRANGEMENTS

This is the third year in which the SOA has been audited following the appointment of the new External Auditor. The Council continues to build on a productive working relationship and has striven to streamline and target the number of working papers produced to meet audit requirements.

5.1 RESPONSE TO THE AUDIT COMPLETION REPORT

The External Auditor's Audit Completion Report (ACR) which summarises findings from the 2014-15 Audit is subject to a separate report to this Committee. Members are asked to consider this report before approving the 2014-15 SOA.

The purpose of ACR is to highlight areas of risk and weakness, not those areas of the accounts which are being undertaken correctly. Any misstatements with a value over £0.39m (the External Auditor's triviality threshold) have been reported separately. Misstatements are classified as material if they exceed 1% of the gross cost of services £1.3bn, £13m.

A distinction has been made between those misstatements that affect the main statements of the accounts and those that affect the disclosure notes.

As discussed, in 2014-15 the draft SOA contained three misstatements that affected the main statements and four misstatements that affected the disclosure notes. In both cases, no misstatement was material (over £13m).

5.2 Misstatements identified as part of the Audit which the Council has amended

5.2.1 Main Financial Statement Changes (Balance Sheet, CIES, Movement in Reserves Cash Flow, and Collection Fund) changes

a) Losses on disposals of £6.7m for school academy conversions were moved from the Investing and financing line to Other Operating expenditure in the CI&E.

b) An additional revaluation loss for £4.2m relating to All Saints school, has been included in the main financial statements. The revaluation loss related to a property valuation which was not included in the 2014-15 draft CI&E and was independently identified by council officers.

c) £0.572m income relating to recovered VAT was originally treated as an exceptional item in the CI&E within the draft SOA and was reclassified instead as Corporate and Democratic Core income.

5.2.2 Disclosure Notes

a) In Note 42, regarding External Audit Costs, a cost of £0.005m was added in respect of fees for other services.

b) In Note 47, £9.2m payments in advance were removed from the analysis of financial instruments. This was because payments in advance do not meet the technical criteria for definition as financial instruments.

c) In Note 35, the future minimum lease payments over a period greater than five years, was reduced to £67.57m from £71.69m, a reduction of £4.1m.

d) In Note 18, £0.588m that was originally classified as Other entities & individuals in the disclosure notes on debtors, was reclassified as either relating to Other Local Authorities or Central Government Bodies.

In addition, 2 disclosure notes were expanded. In Note 41, the Related Party disclosure note, a detailed listing of joint arrangements was added. In Note 12, five years of Heritage Asset values have now been disclosed, rather the two originally disclosed in the draft SOA, in accordance with the relevant accounting standard.

6.0 Events after the Balance Sheet Date

Between 1st April and 30th September 2015, there was a settlement of a legal case, identified as a contingent liability in the 2014-15 accounts. The legal settlement incurred will be funded from a reserve set aside for this purpose. Because the settlement related to activities before 31 March 2015, accounting guidance suggests that the Council adjusts for this event - restate the draft 2014-15 SOA. However, the Council has opted not to adjust on the grounds of materiality.

The two remaining post balance sheet events are non-adjusting. Since 1 April, one Community school, with a net book value of £7.9m (Belle Vue Boys' school, renamed Beckfoot Upper Heaton Academy) converted to an academy and moved out of Local Authority control.

Further the new build Bradford Forster Academy, which was valued in the 2014-15 SOA at £11m and classified as an Asset under Construction, will be shown off balance sheet, it becomes operational as an Academy in September 2015.

7.0 ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement was considered by this Committee in June and is now published alongside the SOA (Appendix A).

8.0 WEST YORKSHIRE PENSION FUND

The Auditor's Annual Completion Report on the West Yorkshire Pension Fund in the statements reports no matters of concern regarding the quality of the accounting practices, policies, estimates and disclosures.

9.0 LOOKING AHEAD TO 2015-16

As recommended in 2014-15, the accounts were closedown slightly earlier in 2014-15. A number of developments are planned for 2015-16. The intention is to bring forward the closedown of the 2015-16 accounts by 2 weeks by;

a) Improving the control environment, updating the owners of cost centres and balance sheet codes and increasing awareness of the financial reconciliations done across the council

b) Discussing with External Audit options for selecting samples earlier

c) Reviewing the current methodology for recharging support service costs

d) Completing closedown work earlier in year where possible

e) Continuing to develop and train finance staff

f) Developing new standardised "next generation" working papers that increase automation, aid understanding and reduce number of audit queries

g) Downloading data on an ongoing in year basis in preparation for the year end and organise the data so that it is ready for use

h) Review layout and order of Accounting Statements taking into consideration CIPFA consultation on simplifying and improving public sector accounts understandability

i) Work more effectively with key information providers

10.0 RECOMMENDATIONS

10.1 The 2014-15 Statement of Accounts be approved and signed by the Chair of Governance and Audit Committee.

10.0 APPENDICES

Appendix A: The latest Statement of Accounts 2014-15 as at 16 September. A revised statement of accounts will be provided at the meeting if appropriate.

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2014-15

AND

ANNUAL GOVERNANCE STATEMENT

Contents Page

Introduction to the Council's Statement of Accounts

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

1. Financial Summary

The Director of Finance's Report summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2014-15. The money spent by the Council and where the money comes from is shown in a series of charts. There is a distinction between revenue spending (the annual cost of providing services) and capital expenditure; which has a long-term benefit for the citizens of the Bradford District.

2. Movement in Reserves Statement

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

3. Comprehensive Income and Expenditure Statement

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

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 has produced accounts under International Financial Reporting Standards (IFRS) since the 2010-11 financial year.

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

7. Notes to the Main Financial Statements

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

8. Collection Fund Statement

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

9. The Group Accounts

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

10. The Pension Fund Account

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

11. Glossary of Terms

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

12. Annual Governance Statement

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

Notes to the Main Financial Statements

City of Bradford Metropolitan District Council's Statement of Responsibilities

The Council is required to:

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

The Director of Finance's Responsibilities

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

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

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

In addition he has issued:

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

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

Certification of the Statement of Accounts

I certify that this statement of accounts presents a true and fair view of the financial position of the Council at 31 March 2015 and its income and expenditure for the year then ended. I authorise for issue the 2014-15 Statement of Accounts.

Signed:

Stuart McKinnon-Evans
Director of Finance
Date: 25 September 2015

Signed:

Cllr Lynne Smith
Chair of Governance and Audit Committee
Date: 25 September 2015

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

Financial Summary

How Much Money Did the Council Spend?

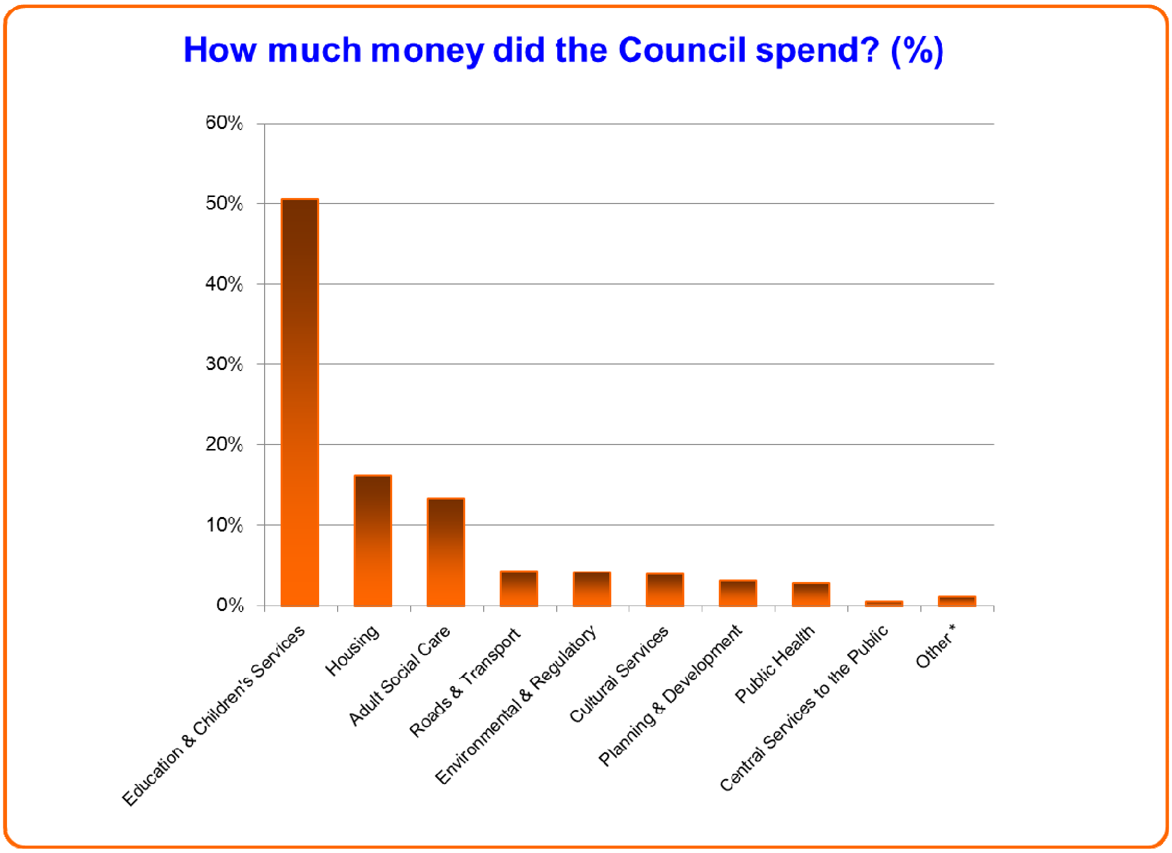
In 2014-15, the gross revenue expenditure on the provision of services was £1.304bn (£1.358bn in 2013-14). Included in this figure is £23.854m (£23.542m in 2013-14) paid to the West Yorkshire Integrated Transport Authority and £1.204m (£1.053m in 2013-14) paid in local precepts to Parish Councils. For a further breakdown of the amount spent on individual services, please see the following chart and the Comprehensive Income and Expenditure Statement (page 3).

Where Did the Council Get Its Money?

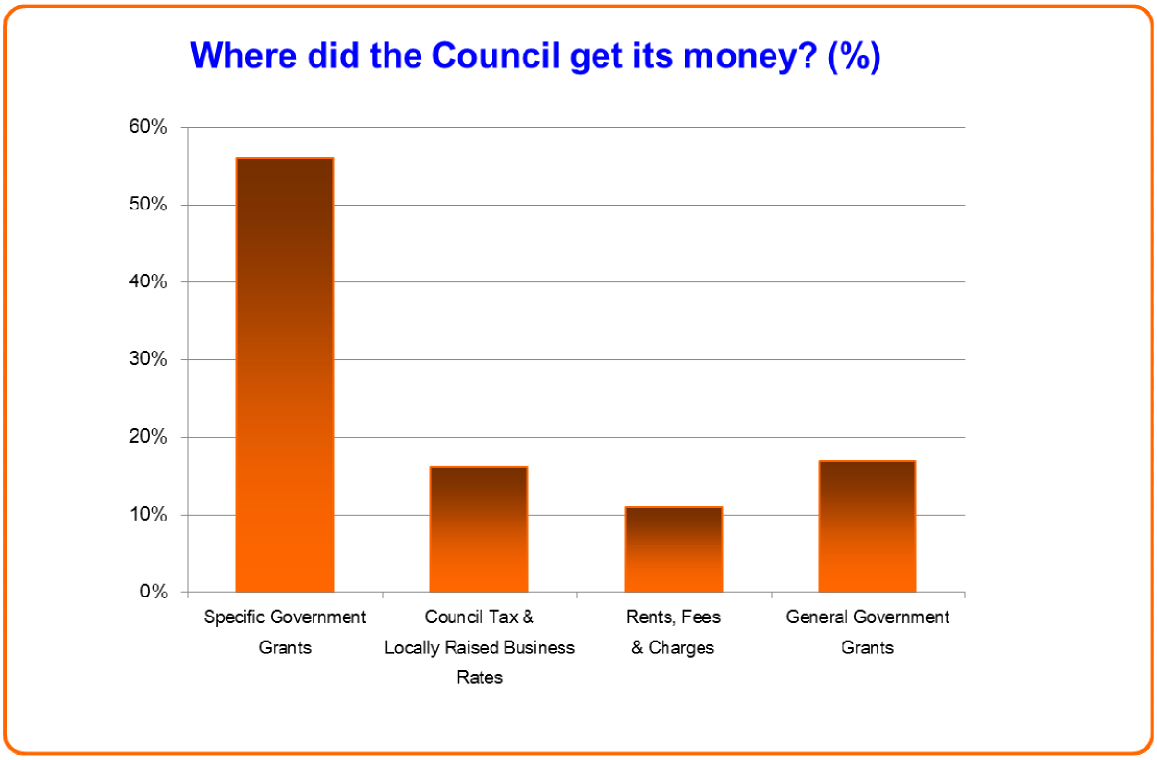
The Council's General Fund revenue spending is funded through general government grants £219.272m (£248.934m in 2013-14), Council Tax £147.437m (£141.993m in 2013-14) and locally raised business rates £63.697m (£60.042m redistributed business rates in 2013-14). The government through specific grants provided a further £730.929m (£718.304m in 2013-14) of funding, of which £388.763m (£395.466m in 2013-14) is a Dedicated Schools Grant (DSG). The Council itself raises the remaining money in the form of rents and fees and charges for services provided.

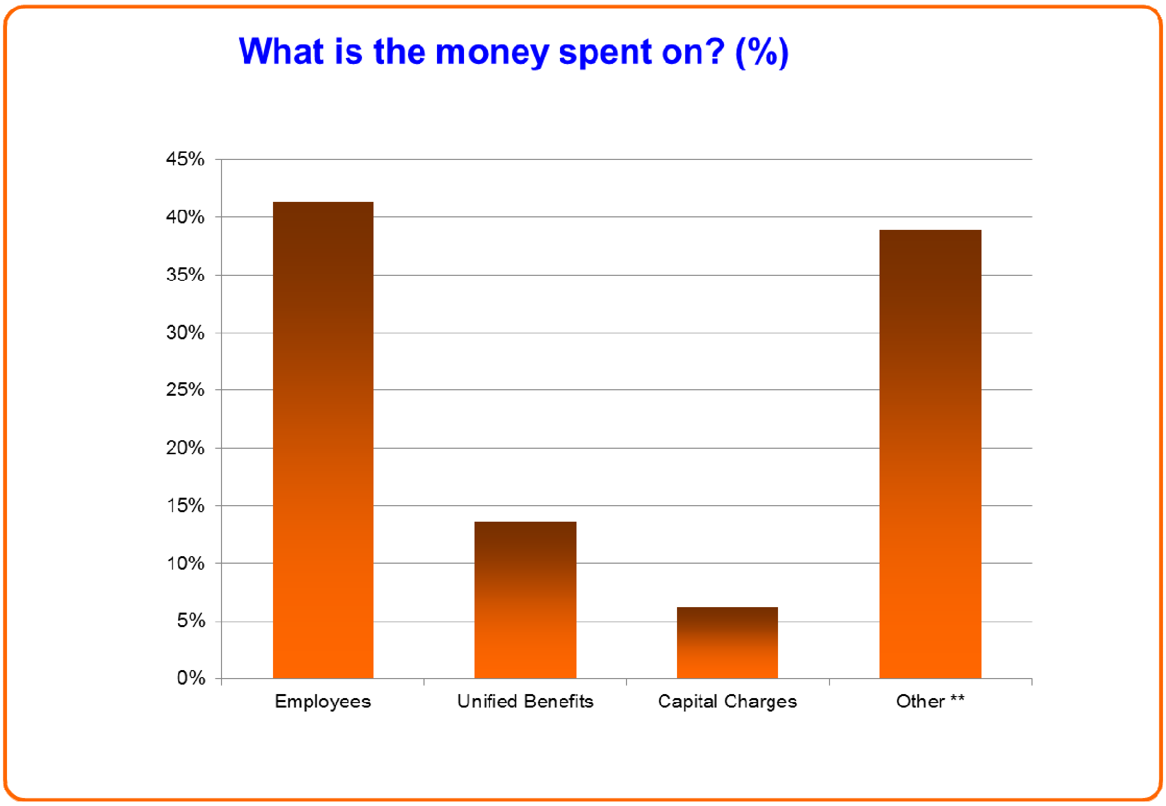
What Is the Money Spent On?

Total staff costs amounted to £538.857m (£536.275m in 2013-14). This includes staff in schools (£314.841m). In 2014-15, spending on other operating costs and capital financing costs was £587.664m (£642.615m in 2013-14) and rent benefits totalled £177.776m (£178.180m including Council Tax benefit in 2013-14).



* "Other" includes corporate and democratic core, non distributed costs, court services, acquired services and exceptional items.





** "Other" includes transport; supplies and services; third party payments and support services.

Background

The spending statements on services in these accounts follow the format set out in the Service Reporting Code of Practice (SeRCOP), the purpose of which is to facilitate comparisons between different authorities. As the service analysis is mandatory for all local Council's financial statements, it does not match the current management structure and financial monitoring framework of the Council. In this Section of the report we therefore provide a brief commentary on the financial and service performance of the Council's departments in keeping with internal accountability.

The Sections that follow report on the Council's stewardship of its revenue and capital resources and provide an insight into the impact on Services' performance. Both the financial and performance result for 2014-15 should be assessed against five years of reductions in Government funding, and inflationary and demographic pressures which have required the Council to make savings over the period in excess of £135m.

2014-15 is also the second year of a Local Government funding regime that moves away from one that provides Councils with grant funding based on needs to one that requires Councils to raise an increasing amount of their funding through business rates and council tax.

2014-15 Revenue Budget

In February 2014, the Council approved a net expenditure budget of £420.6m, funded £149.4m from Revenue Support Grant (RSG), £119.7m from Business Rates (£64.2m raised locally and £55.5m top up grant) and £146.7m from Council Tax. The remaining £4.8m investment in Children's Services and support for the Council to move to a lower cost base was financed from reserves (£0.8m Council and £4.0m Schools).

In 2014-15 Bradford's Council Tax increased by 1.6% from £1,116.11 to £1,133.97 an increase of £17.86 for someone living in a Band D property.

To contain spend within the 2014-15 approved budget, savings of £26.0m were applied to Service and Non Service Budgets with a further £5.2m reduction required in capital financing costs.

2014-15 Revenue Result

The headline results were

- Net revenue spending was £417.2m, £3.4m (0.8%) lower than budgeted. The result is consistent with both in year forecasts and the financial outlook used to set the 2015-16 budget.
- As planned the £3.4m was transferred into unallocated reserves available to support future budget decisions.
- In order to complete activity rescheduled from 2014-15, £7.3m of funding was carried forward to 2015-16.
- A shortfall of £2.1m of Service savings against a Service saving target of £31.2m, has been mitigated by compensating action taken by Strategic Directors not filling vacant posts and controlling non essential spend.
- Budget Council meeting on 26 February 2015 recognised that a number of pressures, which in 2014-15 have been managed out through compensating one off savings, are recurrent. On going investment of £6.7m in Adult Services, £1.6m in Children's Specialist Service, £1.3m Waste Disposal Costs and a £0.4m adjustment to Sport Facilities income has therefore been added into 2015-16 cost base.
- At 31 March 2015 the Council had available £33.7m of unallocated reserves to support future budget decisions. £15m of which to be spent immediately to support the 2015-16 Budget and a further £7m allocated to partly bridge the forecasted revenue deficit in 2016-17.
- The planned use of unallocated reserves to support future Budgets will leave a residual unallocated reserve balance at 31 March 2017 of just over £11m; a balance potentially inadequate in the context of the difficult outlook for public finances.
- Overall the Council's net worth (the total value of its financial assets less the value of its outstanding liabilities) has moved into a small negative position (£16.5m). However, long term pension liabilities of £733m will crystallise over several years.
- Bradford's share of the Council Tax and Business Rates Collection Fund was a £2.0m surplus and £7.1m deficit respectively.
- Capital investment in the District in 2014-15 was £113.9m. The £7.6m more than the approved profile plan was funded predominantly from schools and external grants.

Key Performance Messages

The performance of the Council's services is measured against a set of 48 headline indicators, which measure the Council's performance in priority areas and the effectiveness of its internal operations.

In 2014-15, of the 43 reportable indicators that have targets, 26 (60%) are on target, 9 (21%) are within an acceptable variance and 8 (19%) are below target.

Examples of good performance include:

- Permanent Admissions to residential and nursing homes 65+ per 100,000 population – down from 630 to 536.
- Percentage of pupils gaining level 4 in Reading, Writing and Maths combined (Key Stage 2) – up to 73% from 69%.
- Initial Child Protection Conferences (ICPCs) held within 15 working days of the start of the section 47 enquiries – up to 74% from 14%.
- Infant mortality – an improving long term trend which has fallen for the 6th year in a row.
- Net number of additional homes provided – up to 1,320 from 874.

- The number of private sector homes where, through the intervention of the Climate, Housing, Employment & Skills Service, housing conditions have been improved – up to 2,167 from 1,393.
- Number of children killed or seriously injured in road traffic accidents – now at an all time low.
- Number of Bradford District businesses improving their broadband connectivity – 970 against a target of 200 and one of the highest totals in the national scheme.

However, there are also a number of areas of under performance:

- Percentage of pupils gaining 5 A*- C grades at GCSE or equivalent including English and Maths (key stage 4) – down to 44% from 53%.
- Percentage of schools where leadership is judged to be good or better – down to 72% from 79%.
- Percentage of pupils attending a Primary School judged good or outstanding – down to 73% from 82%.
- Percentage of pupils attending a Secondary School judged good or outstanding – down to 39% from 47%.
- Net increase in the number of businesses located in Keighley, Bingley, Shipley and Ilkley Town Centres – 1 down from 17.
- The overall employment rate for the whole working age population has decreased to 65.3% (Q3 2014-15) from 66.3% at the end of 2013-14.
- The Average Number of Working Days Lost per Employee due to Sickness Absence in Bradford Council (Including Schools) - this indicator missed the target although there was an improvement on last year.
- The Average Number of Working Days Lost per Employee due to Sickness Absence in Bradford Council (Excluding Schools) - this indicator just missed the target, although there was an improvement on last year.

Detailed analysis of financial and service performance

The Annual Finance and Performance Outturn Report for 2014-15 to the Council's Executive on 23 June 2015 details the financial results and key performance achievements of each Department and Service. It also includes the annual outturn for the Council's agreed Corporate Indicator Set. The report is a public document and can be viewed via the Council's Internet site www.bradford.gov.uk. A brief summary of the financial information is shown below.

Explanation of major variances in spending against budget

	Gross Expenditure Budget	Income Budget	Net Budget	Variance against Budget before funding carried forward	Funding carried forward for reprofiled activity	Final variance against net budget
	£m	£m	£m	£m	£m	£m
Composition of underspend against approved 2014-15 Budget						
Adult & Community Services	179.5	48.9	130.6	**-0.3**	0.3	**0.0**
Children's Services	631.6	523.9	107.7	**-5.0**	4.1	**-0.9**
Environment & Sport	94.5	36.3	58.2	**-0.5**	0.2	**-0.3**
Public Health	35.4	35.5	-0.1	**0.0**	0.0	**0.0**
Regeneration & Culture	139.7	71.7	68.0	**-2.3**	1.7	**-0.6**
Finance, IT, Revenues and Benefits	222.9	191.7	31.2	**-1.5**	0.2	**-1.3**
Human Resources	10.4	2.0	8.4	**-0.8**	0.3	**-0.5**
Legal and Democratic Services	10.0	2.1	7.9	**0.0**	0.0	**0.0**
Chief Executive's Office	5.9	0.1	5.8	**-0.7**	0.5	**-0.2**
Property Programme	1.8	0.1	1.7	**0.1**	0.0	**0.1**
Sub-total	**1,331.7**	**912.3**	**419.4**	**-11.0**	**7.3**	**-3.7**
Variations in other costs						
Non Service Budgets	3.0	2.1	0.9	**-0.8**	0.0	**-0.8**
Central budgets	14.9	14.6	0.3	**1.1**	0.0	**1.1**
Sub-total	**17.9**	**16.7**	**1.2**	**0.3**	**0.0**	**0.3**
Total	**1,349.6**	**929.0**	**420.6**	**-10.7**	**7.3**	**-3.4**
Transfer to Unallocated Reserve						**3.4**
Impact on General Fund Balance						**0.0**

Explanation of major variances in spending against the approved budget

Overall the financial results show that spending was £3.4m (0.8%) lower than the net £420.6m budget set. With the exception of the Property Programme that reported a small overspend of £0.1m, all other Services either spent in line or below their approved 2014-15 Budget. The delivery of individually specified savings was £2.1m (7%) below the £31.2m target, an improvement on 2013-14 when £4.4m (27%) of savings were not delivered. Compensating action taken by Services secured the overall financial result in line with budget.

As in 2014-15, there were again signs that some priority investment takes longer to implement than the traditional twelve month budget period. However, it is right that spending is incurred only when appropriate, and the proposals to carry forward £7.3m of funds (Better use of Budgets) allow services to complete their plans, albeit in 2015-16.

- **Adult and Community Services** – in total, Adult Social Care Services were delivered to 10,700 individuals in 2014-15, at a cost of £130.3m, a net £0.3m below plan. As in previous years, the budget most under pressure, was the Purchase Care budget (£57.6m) that pays for all externally provided services including residential, nursing and home care. In 2014-15 this budget overspent by £3.1m predominantly due to an increase in the number and needs of users with a Learning Disability. The overspend was offset by controlling recruitment and not filling vacancies in preparation for further approved savings in 2015-16, more effective management of Housing Related Support contracts and savings in the cost of transporting clients. In year the Housing Options Service transferred to Adult and Community Services from Regeneration and will carry forward £0.3m to complete projects in 2015-16.

- **Children's Services** – overall spend was £5.0m below the approved budget, £4.1m of which was spend that has been deferred into 2015-16, to continue the planned delivery of Employment and Skills projects, support School Improvement priorities and address the cost associated with the delay in reconfiguring Children's Centres. An increase of 13% (170) since 2012-13 in the number of children requiring support, be it looked after or permanent arrangements (special guardianship and adoption orders) has resulted in a recurring budget pressure that was addressed as part of the 2015-16 Budget. In year this pressure was offset by the use of one off Adoption Reform Grant funding and staffing efficiencies across the Service. This year saw attainment levels at GCSE (including English and Maths) decrease from 59.2% in 2013-14 to 53.4% in 2014-15. With the number of Secondary and Primary Schools judged as good or outstanding in 2014-15, also falling, the Council has embarked on a new strategy for school improvement working closely with Bradford partnerships and Teaching School Alliances.

- **Environment and Sport** – before adjusting for a one off overprovision for potential land charge reimbursements, overall the Service spent in line with its approved budget. In year the total amount of waste handled by the authority decreased slightly, and although the amount of recyclable waste collected increased due to the new fortnightly collection service, this has not been sufficient to significantly reduce the amount of residual waste. The result is that the planned savings on waste disposal of £0.6m have not been achieved and there has been an overspend on waste disposal costs of £0.9m. An overspend balanced out by underspends in Environmental and Fleet Services. Sports facilities have continued to face a long term reduction in footfall and as a consequence the Service overspent by £0.7m. Likewise in Parks and Landscapes there was a £0.4m shortfall on income budgets. Both these overspends were mitigated by the Neighbourhoods and Customer Services where there was a one off increase in fines from parking and driving transgressions; and in Customer Service performance has been maintained whilst £0.3m of staffing savings have been delivered.

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- **Regeneration and Culture** – the rescheduling of £1.7m of expenditure primarily within Economic Delivery Services and for the Local Development Plan was the main reason for the £2.3m gross variance against budget. A number of Services within Regeneration and Culture are heavily dependent on external income and 2014-15 saw an upturn in activity. For example the extension of free infant school meals in September 2014, resulted in the production of 800,000 more school meals and ticket sales at the Alhambra were boosted by touring West End productions. The Environment, Climate and Change Unit were instrumental in managing a number of projects in Council buildings which led to a reduction in energy costs and the generation of feed in tariff income. The 1 April 2014 saw the inception of the West Yorkshire Combined Authority and regional coordinated investment in Economic Development, Transport, Housing and Skills began in earnest.

- **Public Health** – ring fenced funding for Public Health Services amounted to £34.7m, with all but £0.3m spent in year. The majority of spend is on services commissioned and in 2014-15 the sexual health service and substance misuse clinical support service were both recommissioned. In addition a number of voluntary and community sector grant arrangements were reviewed to ensure that investment in Public Health services provides value for money and contributes to public health improvements.

- **Finance, IT, Revenues and Benefits** – overall the Finance Department underspent its approved budget by £1.5m, with Revenues and Benefits delivering £1.2m of this surplus. Revenue and Benefits includes two complex and significant budgets, housing benefits paid and enforcement income which are influenced by the changes to the circumstances and actions taken by Bradford citizens. Ensuring spend and income is on budget is difficult for the Revenue and Benefits function to control. Planned staff savings delivered a £0.1m and £0.3m respectively in Financial and Commissioning and Procurement Services. The Information Technology (IT) service delivered a £1m saving in 2014-15 through negotiating a revised commercial model and containing project spend.

- **Legal and Democratic Services** – a small saving of £0.1m in Legal Services partly due to the transitional arrangements put in place following the departure of the Chief Executive in October 2014 offset a corresponding small overspend of £0.1m in Democratic Services.

- **Chief Executive's Office** – of the £0.7m underspend against the net budget of £0.8m, £0.4m related to savings on salary budgets and externally funded income within the Policy, Programme and Change Office. The remaining £0.3m came from the ongoing effective management of print contracts and staffing efficiencies in Political Offices and Public Affairs and Communications.

- **Human Resources (HR)** – ended the year spending £0.8m (10%) less than its approved budget as a result of planned staff reductions, additional income generated from traded services, and £0.3m of spend on projects being deferred into 2015-16. 2014-15 saw the appointment of a new Director of HR and a contract awarded to Contact Centre (HRPlus) to provide advisory support to managers. A review of the Transactional Services Centre led to a transfer back of budgets to Departments for a number administration support teams.

- **Property Programme** – the Property Programme overspent its £1.8m revenue budget by just £0.1m as a result of funding the premises running costs of properties awaiting disposal. In year the programme led to properties being vacated that will save £0.9m per year in running costs. The programme generated £4.5m of capital receipts and £10.2m of capital expenditure was spent on the Council's estate.

- **Non Service Budgets** – the underspend of £0.8m was a combination of an overachievement of interest earned on bank balances, a higher than expected Yorkshire Purchasing Organisation dividend and reduced spend on external audit fees and residual added years pension costs.

- **Central budgets** – a net overspend of £1.1m reflects in part action taken by the Director of Finance in conjunction with the Leader to set aside £2.8m for future termination costs; £1.3m to hedge against delays in the delivery of 2015-16 change projects; and net underspend on contingency budgets.

Material or Unusual Charge in the Accounts

Termination costs

The 2015-16 budget set in February 2015, included robust saving proposals, which will reduce future staffing levels. Based on a three year average termination cost of £22,550 per employee, £4.6m has been set aside in a short and long term termination provision. Further savings beyond 31 March 2017 are forecast but as saving plans are still to be consulted on, funding for any associated termination costs is covered by the £4.1m Severance Reserve.

Material Write-offs during the Year

There were no material write–offs in either 2014-15 or 2013-14.

The Council's revenue result compared to the Comprehensive Income and Expenditure Statement (CIES)

The previous paragraphs have explained the 2014-15 net spending that has been funded from local taxation. The CIES shows the accounting cost of providing services in accordance with generally accepted accounting practices. Compared to 2013-14 when the Council incurred a deficit of £208m on the provision of services, in 2014-15 the cost of providing services reduced significantly to £24.8m. A major reason for this year on year change is that the asset value of schools that convert to Academies are removed from the Council's Balance Sheet and balances written out of the CIES as a loss on disposal. In 2014-15 only two primary community schools, with a value of £7.3m converted to an academy (the other three primary schools that converted, two Voluntary Aided and one Voluntary Controlled were never included on the Council's Balance Sheet). This position compares to the loss associated with 12 schools with a value of £99.4m that converted to Academies in 2013-14.

The reduced deficit on the cost of providing services in 2014-15 is offset by a net £76m Other Comprehensive Income and Expenditure charge – a £13m revaluation gain offset by a net £89m actuarial loss on the pension fund liability. As the corresponding figure in 2013-14 was a £209m Other Comprehensive Income surplus, overall this means that the CIES has moved from just over £1m surplus in 2013-14 to a £101m deficit in 2014-15.

After removing expenditure and income not chargeable against cash balances, such as the non-cash reduction in school assets outlined above, in the Movement in Reserves Statement (see page 3), there was a reduction of £2.2m in school balances, no change on the General Fund Balance and an increase of £9.095m in earmarked reserves.

The Council's Balance Sheet

With the 2015 Local Government Settlement confirming that the Council will continue to face real term reductions in funding in the years beyond 2014-15, the Council's balance sheet at 31 March 2015, is a useful indicator of the Council's long term financial health of the Council.

In 2014-15 the Council's net worth decreased from £84.5m at 31 March 2014 (restated to reflect 11 foundation schools that have been brought on to the Balance Sheet) to a negative net worth of £16.5m at 31 March 2015. The main movements that make up the decrease of £101m in the Council's net worth were:

- a net increase in long term assets of £11m; £96m spend on property plant and equipment. (see Capital Spending in 2014-15 below for further information) less depreciation of £42m, £30m downward revaluations of assets and £13m disposals.
- a £53m reduction in net current assets.
- a £59m increase in long term liabilities.

Capital Spending in 2014-15

The Council spent £113.9m in the year (£91.5m in 2013-14) including £0.2m of capitalised finance lease costs. This was £7.6m more than planned. The variance will reduce resources available in future years but this is due to schemes being ahead of the forecast or from additional external grant.

Major Capital Schemes in 2014-15

The table below shows the expenditure in 2014-15 on some of the major capital schemes, along with the total spend by department.

Major Capital Schemes Expenditure 2014-15		
Department and Schemes	**Main Schemes £000**	**Total Spend £000**
Adult and Community Services		**1,486**
Children' s Services		**49,371**
Devolved Formula Capital	1,763	
Capital Maintenance Grant	2,464	
Targeted Basic Needs	16,567	
Universal Free School Meals	1,857	
Primary Schools Expansion Programme	17,318	
Capital Maintenance Grant	2,464	
Public Health		**85**
Financial Services		**434**
Virtual Desktop Infrastructure	434	
City Solicitor		**13**
Environment and Sport		**10,234**
Replacement of Vehicles	7,136	
City Centre Sports Facility	1,073	
Culture & Tourism		**96**
Property & Economic Development		**25,366**
Property Programme	9,998	
City Centre Growth Zone	9,190	
Tyrls	4,011	
Climate, Housing, Employment & Skills		**13,728**
New Affordable Housing	7,085	
Disabled Housing Facilities Grant	2,746	
Carbon & Other Efficiencies	1,197	
Planning		**893**
Highways & Transport		**12,146**
Capital Highways Maintenance	2,671	
Local Pinch Point Fund	1,925	
Bridges	1,318	
Repairing Potholes	950	
Integrated Transport	859	
Grand Total		**113,852**

Where the money came from to pay for the spending on capital schemes in 2014-15

The Council has the freedom to borrow to fund capital investment but it must borrow responsibly and at affordable levels. It demonstrates that it has done so by setting and observing a range of prudential indicators covering the level of capital expenditure and the cost of financing it. One such measure is the Council's Capital Financing Requirement (CFR). In 2014-15 the Council's CFR remains almost the same as 2013-14. However, it is the Council's medium term strategy to reduce the cost of borrowing in line with the Council's reduction in overall spend.

Other than borrowing, the Council continues to receive capital grants towards certain projects and is able to reinvest its capital receipts or use revenue to fund capital spending.

In 2014-15 the capital spending of £113.9m was funded as follows:

- £23.1m (20.3%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £76m (66.7%) from government and other grants.
- £10.2m (8.9%) from revenue contributions and other revenue reserves.
- £4.4m (3.9%) from capital receipts from the sale of land and buildings.
- £0.2m (0.2%) from other Finance Leases.

Schools

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

In 2014-15 in the light of new accounting guidance, the Council reviewed all schools in the District

- Community
- Voluntary Aided
- Voluntary Controlled
- Trust/Foundation Schools
- Academies

to determine whether they should be included on the Council's Balance Sheet. The result was a restatement of the 2013-14 Balance Sheet and the inclusion of 11 Foundation Schools, with a value of £66m.

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 in the Consolidated Balance Sheet. As Community Schools are owned by the Council they 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, the school is not recognised on the Council's Balance Sheet. There are 11 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 2014-15 five primary schools converted to Academies, two of which were Community Schools and as at 1 April 2014, on the Council's Balance Sheet. The value of their disposal was £7.3m. The other three (two Voluntary Aided and one Voluntary Controlled) were never on the Council's Balance Sheet. The table below categorises all Bradford schools and sets out the current accounting treatment.

Type of school	2013-14	2014-15	Accounting Treatment
Community	94	92	On Balance Sheet
Special Schools	6	6	On Balance Sheet
Foundation	13	13	2 Church of England Off Balance Sheet, 11 owned by Governing Bodies On Balance Sheet
Voluntary Aided	33	30	Off Balance sheet
Voluntary Controlled	13	12	Off Balance sheet (with the exception of 5 VC schools the Council still holds the legal title)
Academies	27	32	Off Balance sheet
Trust	5	5	Off Balance sheet
TOTAL SCHOOLS	**191**	**190**	
Nurseries	7	7	On Balance Sheet

* The total number of schools has decreased due to the merger of St Joseph's Catholic College and St Bedes Grammar (VA schools).

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 3.

Significant Provisions at 31 March 2015

The provisions total £21.0m at 31 March 2015 (£23.9m at 31 March 2014) and are included in Note 20 on page 3. They are split on the Balance Sheet between short term, (up to one year from the Balance Sheet date), and long term.

The significant movements in provision balances in year were as follows:

a) 67 equal pay claims outstanding were settled leaving a balance on provision at 31 March 2015 for new equal pay claims expected to be submitted of £0.4m.

b) The provision to cover the risk of day to day insurance losses has been reduced by £0.8m to £8.4m and in doing so £0.6m has been released and transferred in to the earmarked Insurance reserve.

c) The opening provision of £0.5m to repay personal property search fees wrongly charged by the Council since January 2005 has been reduced to £0.1m.

d) The cost of planned future termination costs in 2015-16 and 2016-17 arising from the detailed saving proposals approved as part of the 2015-16 Budget has been assessed as £4.6m.

e) After charging £2.9m to the Council's provision for the outcome of successful appeals against the Valuation Office's 2010 Business Rates Valuation list, a further £4.4m has been set aside for outstanding appeals. This leaves Bradford's estimated share of lost Business Rates income as a result of appeals at 31 March 2015 at £7.5m.

f) Both the carbon reduction tax provision (£0.8m) and the Aftercare Services provision (£0.1m) have been spent in 2014-15.

No new contingent liabilities are reported.

Reserves

In recent years 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 the 31 March 2015 the Council had £34m of unallocated reserves available to support future budget decisions. This is in line with the position forecast in February 2015, when the Council Budget meeting agreed that £15m of the £34m (44%) be spent immediately to support the 2015-16 Budget. A further £7m is being allocated to partly bridge the forecasted revenue deficit of £14m in 2016-17.

The planned use of unallocated reserves to support future Budgets will leave a residual general reserve balance of just over £11m at 31 March 2017, which could be regarded as potentially inadequate when set in the context of the continuing difficult outlook for public finances.

After retaining £10.8m as a General Fund balance and ring fencing £38.4m of school balances, this leaves the Council with £101m of resources to meet the cost of future commitments, political priorities and specific financial risks. These include, the Get Bradford Working programme, Building Schools for the Future commitments, Integration of Health and Social Care, Regeneration and Housing projects and funding for the capital investment programme.

A detailed analysis of all the Reserves held by the Council is set out in Note 5, Page 3.

a) General Fund balance

The General Fund balance acts as a necessary contingency against unforeseen events. At 31 March 2015 the General Fund balance remains at £10.8m and within the Council's policy of 2.5% of the net budget requirement.

b) **Schools delegated balances**

At the 31 March 2015, school balances were £21.1m (a decrease of £0.5m) and school contingencies and other balances have decreased from £18.9m to £17.3m. (In 2014-15, £4.0m of school contingencies in 2014-15 were used to support Children's Services and avoid any further reductions in school and Children's Services in 2014-15 on top of those proposed within the Budget consultation).

After taking into account both movements in schools and contingency balances, the overall level of school balances decreased from £40.5m at 31 March 2014 to £38.4m at 31 March 2015.These sums have been carried forward to schools' budgets in 2015-16 in accordance with delegated arrangements.

Pensions Liabilities

The Pension Fund deficit calculated by the Actuary increased in 2014-15 by £121m. This is made up of a £89m net actuarial loss, relating to updated estimates by the actuary of the future value of assets and liabilities, increased by £32m because of net 2014-15 pension costs.

The net actuarial loss of £89m is mainly on the Local Government Pension Scheme (LGPS). It comprises; a £211m actuarial loss on the estimated future pension liabilities, less a £117m gain in the value of assets held to fund those benefits, as well as £5m net other gains. The £211m actuarial loss is caused by a low real discount that increases the current value of future promised pension benefits.

Council Tax and Non Domestic Rate Collection

At 31 March 2015 the Council had collected 94.2% of the value of council tax bills for the year compared with 94.3% at the same point last year. For non-domestic rates the figures are 97.9% collected at 31 March 2015 compared to 97.7% at the same time last year.

Collection Fund (Council Tax and Business Rates)

a) Council Tax

After distributing in 2014-15 the opening surplus balance on the Council Tax Collection Fund, £2.8m, the Council Tax element of the Collection Fund ended the year £2.4m in credit. A surplus of £2.0m, Bradford's 85% share, is reported in the accounting statements.

The overachievement of Council tax income compared to the budgeted figure is due to a higher number of new properties being billed and a lower than forecast cost in the current year of providing Council Tax Reduction support. The reduction in caseloads and hence discounts granted can be attributed primarily to the upturn in the economy.

b) **Business rates**

The Business Rates retention scheme provides for Business Rates collected by Bradford Council to be shared between itself, central government and the West Yorkshire Integrated Fire Authority. Any difference between what the Council forecast it would raise in Business Rates in 2014-15 (£64.3m) and what it has actually raised results in either a surplus or deficit on the Collection Fund.

In calculating the 2014-15 Business Rates income, the Council has had to take into account how much of the 2014-15 income it anticipates having to repay to ratepayers at some point in the future following successful appeals. In the last quarter of 2014-15 two external events had a significant impact on this figure:

- In the 2014 Autumn Statement it was announced that for an appeal against a rating assessment to be backdated to 2010 it had to be received before 31 March 2015. This change led to a significant spike in the number of appeals lodged in February and March 2015, with the number of outstanding appeals at 31 March 2015 standing at 1,642 (Rateable Value £116m) compared to 316 appeals at 1 January 2015 (Rateable Value of £29m). Whilst a significant proportion of these appeals may prove to be speculative, it has meant that the Council has had to set aside a further £6.2m in its appeal provision.

- It is estimated that 39 properties currently appealing against their rating assessment are purpose built GP surgeries. In a recent Upper Tribunal case a decision was passed to change the valuation of such properties from a cost of construction to a rental basis, a decision which could see rateable values reducing by up to 60%. Based on a total Rateable Value for purpose built GP surgeries under appeal, a further £4.2m has had to be charged to the Business Rates Collection Fund to cover the cost of these appeals.

Taken together the above two changes mean that instead of ending the year with a forecasted deficit of £4.8m on the Business Rates Collection Fund, the deficit was £14.5m, with Bradford's share (49%) standing at £7.1m.

This deterioration in the Business Rates Collection Fund will not impact on the 2015-16 Budget as the Council will draw down from the Collection Fund in 2015-16 the amount approved in January 2015. However it does create an additional budget pressure for 2016-17 and beyond.

2015-16 and beyond

Looking ahead it is expected that local authorities will continue to bear the brunt of the austerity measures imposed by the Government's spending plans, with not only the quantum of cuts in Government funding having an impact on the Council's resource position but also how the reductions are distributed between authorities.

In 2015-16 Bradford's revenue spending power reduced by 3.9% (a percentage over twice the national average) and its general funding, Revenue Support Grant (RSG) was cut from £149m in 2014-15 to £107m in 2015-16. A reduction of £42m, 28%. Whilst post the May 2015 general election it is not expected that the one year 2015-16 settlement will be reopened this cannot be totally ruled out, especially given the announcement in June 2015 that in year Public Health funding would be cut nationally by £200m.

Discussions are underway between senior Leaders of the Regions, Councils and Government about a devolution agreement. No assumptions, either positive or adverse have been made about the financial consequences of such a deal.

In 2015-16 the Council raised Band D Council Tax from £1,133.97 to £1,152.11 (1.6%). With £152.1m expected to be raised from Council Tax in 2015-16, Council Tax makes up 38% of the 2015-16 net budget of £400.8m.

To contain spend within the 2015-16 approved budget, the Council is required to make combined reductions in its cost base and raise additional income totalling £34.9m. This means that overall the savings the Council has had to find since the 2010 Spending Review exceeds £170m. With the scale of the fiscal challenge and uncertainty facing the Council huge, the Council has sought to strike a "New Deal" with citizens about what matters to local people and what it is reasonable for them to expect from local services at a time of significant further reductions in Government funding.

Whilst to date the Council has been able to absorb cuts without significantly affecting front line services, this will be increasingly difficult. Beyond 2015-16 the Council's ability, to grow both its local council tax base and local business rates base combined with its ability to benefit from regional developments will take on increasing significance. Inevitably this means, that the Council in the next few years will look very different to the Council in 2014-15, a conclusion unchanged from the last two years.

Stuart McKinnon-Evans
Director of Finance

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 2015 General Fund Balance of £49.159m comprises £10.803m (£10.803m in 2013-14) balances generally available to the Council and £38.356m (£40.511m in 2013-14) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £24.753m (restated deficit of £208.011m in 2013-14) 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 £102.498m (reduction of £5.177m in 2013-14).

			General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
			Note 2	Note 2	Note 2	Note 2	Note 2 & Balance Sheet	Note 18 & Balance Sheet	Note 18 & Balance Sheet
			a	b	c	d	e	f	g
			Restated				Restated (a+b+c+d)	Restated	Restated (e+f)
			£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013 (Restated)	a		**53,939**	**109,886**	**469**	**45,848**	**210,143**	**-126,846**	**83,297**
Movement in reserves during 2013-14									
Surplus/ (deficit) on provision of services (Restated) (page 3)	b		-208,011	0	0	0	-208,011	0	-208,011
Other Comprehensive Income and Expenditure (page 3)	c		0	0	0	0	0	209,221	209,221
Total Comprehensive Income and Expenditure (page 3)	d	**b+c**	**-208,011**	**0**	**0**	**0**	**-208,011**	**209,221**	**1,210**
Adjustments between accounting basis & funding basis under regulations (note 4)	e		221,697	0	413	-7,712	214,398	-214,398	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves	f	**d+e**	**13,686**	**0**	**413**	**-7,712**	**6,387**	**-5,177**	**1,210**
Transfers to/from Earmarked Reserves (Note 5, p3)	g		-16,311	16,012	0	299	0	0	0
Increase/Decrease(-) in 2013-14	h	f+g	**-2,625**	**16,012**	**413**	**-7,413**	**6,387**	**-5,177**	**1,210**
Balance at 31 March 2014 (Restated)	i	a+h	**51,314**	**125,898**	**882**	**38,435**	**216,530**	**-132,023**	**84,507**
Movement in reserves during 2014-15									
Surplus/ (deficit) on provision of services (page 3)	j		-24,753	0	0	0	-24,753	0	-24,753
Other Comprehensive Income and Expenditure (page 3)	k		0	0	0	0	0	-76,275	-76,275
Total Comprehensive Income and Expenditure (page 3)	l	**J+k**	**-24,753**	**0**	**0**	**0**	**-24,753**	**-76,275**	**-101,028**
Adjustments between accounting basis & funding basis under regulations (note 4)	m		31,693	0	888	-6,358	26,223	-26,223	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves	n	**l+m**	**6,940**	**0**	**888**	**-6,358**	**1,469**	**-102,498**	**-101,028**
Transfers to/from Earmarked Reserves (Note 5, p3)	o		-9,095	9,095	0		0	0	0
Increase/Decrease(-) in 2014-15	p	n+o	**-2,155**	**9,095**	**888**	**-6,358**	**1,469**	**-102,498**	**-101,028**
Balance at 31 March 2015	q	i+p	**49,159**	**134,993**	**1,770**	**32,077**	**217,999**	**-234,520**	**-16,521**

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.

2013-14	2013-14	2013-14		2014-15	2014-15	2014-15
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
Restated		**Restated**				
£000	**£000**	**£000**		**£000**	**£000**	**£000**
7,753	-8,846	-1,093	Central Services to the Public	7,267	-8,225	-958
39,467	-17,130	22,337	Planning and Development Services	40,677	-21,924	18,753
54,947	-16,799	38,148	Cultural and Related Services	51,218	-20,218	31,000
55,424	-11,170	44,254	Environmental and Regulatory Services	55,035	-11,475	43,560
723,160	-524,401	198,759	Education & Children's Services	660,124	-525,787	134,337
54,310	-6,823	47,487	Highways & Transport Services	55,562	-7,601	47,961
214,991	-185,728	29,263	Housing Services	208,167	-184,151	24,016
167,662	-45,271	122,391	Adult Social Care	173,885	-48,984	124,901
10,368	-171	10,197	Corporate & Democratic Core	9,390	-668	8,722
34,168	-34,150	18	Public Health	36,763	-36,288	475
2,346	-76	2,270	Non Distributed Costs	6,209	-134	6,075
-7,678	0	-7,678	Exceptional Items (Note 6)	0	0	0
1,356,918	**-850,565**	**506,353**	**Cost of services before Acquired Operations**	**1,304,297**	**-865,455**	**438,842**
152	0	152	Services transferred in respect of Housing Advice (Note 24)	0	0	0
1,357,070	**-850,565**	**506,505**	**Cost of services**	**1,304,297**	**-865,455**	**438,842**
		114,160	Other Operating Expenditure (Note 8a)			9,094
		78,353	Financing and Investment income and expenditure (Note 8b)			69,210
		-491,007	Taxation and non-specific grant income (Note 8c)			-492,393
		208,011	**Surplus (-) /Deficit on Provision of Services**			**24,753**
		25,450	Surplus (-)/Deficit on revaluation of non current assets			-12,866
		-234,671	Re-measurement of Pension net defined benefit/liability			89,141
		-209,221	**Other Comprehensive Income and Expenditure**			**76,275**
		-1,210	**Total Comprehensive Income and Expenditure**			**101,028**

For further explanation, see page 3, the Council's revenue result compared to the Comprehensive Income and Expenditure Statement

For further information on the 2013-14 restatement for the Prior Period Adjustment, see Note 2, p3.

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Balance Sheet

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

1 April 2013 Restated	31 March 2014 Restated		31 March 2015	*Notes*
£000	£000		£000	
1,298,858	1,092,571	Property, Plant and Equipment	1,112,302	*Note 9*
31,901	32,077	Heritage Assets	35,840	*Note 12*
60,595	58,556	Investment Property	47,917	*Note 13*
5,819	5,727	Intangible assets	3,738	*Note 14*
1	1	Long term investment	1	*Note 16*
2,164	1,819	Long term debtors	1,717	*Note 17*
1,399,338	**1,190,751**	**Long Term Assets**	**1,201,515**	
116,960	80,113	Short Term Investments	53,700	*Note 18*
238	2,277	Assets Held for sale	2,770	*Note 19*
1,747	2,221	Inventories	2,240	*Note 18*
77,783	94,871	Short Term Debtors	84,263	*Note 18*
83,888	101,349	Cash and Cash Equivalents	99,336	*Note 18*
280,616	**280,831**	**Current assets**	**242,309**	
-10,139	-18,559	Cash and Cash Equivalents (Overdraft)	-4,379	*Note 18*
-6,901	-32,734	Short term borrowing	-59,419	*Note 18*
-113,096	-100,322	Short Term Creditors	-103,861	*Note 18*
-7,190	-12,207	Provisions	-10,623	*Note 20*
-137,326	**-163,822**	**Current Liabilities**	**-178,282**	
-13,825	-11,643	Provisions	-10,418	*Note 20*
-411,594	-385,665	Long term borrowing	-332,079	*Note 47c*
-1,027,713	-820,850	Other Long Term liabilities	-933,203	*Note 39*
-200	-100	Deferred income	0	*Note 40*
-5,999	-4,995	Capital Grants Receipts in Advance	-6,363	*Note 45*
-1,459,331	**-1,223,253**	**Long Term Liabilities**	**-1,282,063**	
83,297	**84,507**	**Net Assets**	**-16,521**	
-210,143	-216,530	Usable Reserves	-217,999	*Note 5*
126,846	132,023	Unusable Reserves	234,520	*Note 21*
-83,297	**-84,507**	**Total Reserves**	**16,521**	

The total assets less liabilities of the Council are financed by movements in reserves. There was a reduction in total reserves of £101.028m from a surplus of £84.507m at 31 March 2014 to a deficit of £16.521m at 31 March 2015.

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.

2013-14		**2014-15**
£000		**£000**
Restated		
208,011	Net (surplus) or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 3)	24,753
-312,915	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-182,531
45,355	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	66,354
44,432	Interest and dividends received and paid	45,045
-15,117	**Net cash flows from Operating Activities (Note 22 a)**	**-46,379**
503	Investing Activities (Note 22 b)	801
5,573	Financing Activities (Note 22 c)	33,411
-9,041	**Net (increase) or decrease in cash and cash equivalents**	**-12,167**
	Balance Sheet Movement	
73,749	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 3: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	82,790
82,790	Cash and cash equivalents at the end of the reporting period (Note 18, page 3) (Balance Sheet page 3: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	94,957
-9,041	**Net (increase) or decrease in cash and cash equivalents**	**-12,167**

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 2014-15 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.
- Business Improvement District (BID) schemes: No such schemes have been established by the Council.
- Changes in depreciation method: There has been no change to the way fixed assets are depreciated.
- Changes in the basis of amortisation of intangibles: There has been no change to the way in which intangible assets are amortised.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The Council has no HRA 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 2011.
- The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 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.
- The Service Reporting Code of Practice (SeRCOP) 2014-15.

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.

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

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Expenditure on rent allowances is accounted for on a 52-week basis, with an occasional 53rd week being charged into the accounts.

ii. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iii. Exceptional Items

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

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

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

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

v. Charges to Revenue for Non – Current Assets

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and any other relevant factors, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond. The discount rate adopted by the Actuary is based on a weighted average of "spot yield" on AA rated corporate bonds.
- The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet (netted from the overall pension liability) at their fair value:

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 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 as part of Non Distributed Costs.
- 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 – debited to the Pensions Reserve.
- 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 R.

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

The difference between the value of the pension fund assets calculated by the actuary and the present value of scheme liabilities is shown in Note 21d relating to the Pension Reserve, see page 3.

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 2014-15 figures are based on actual take-up levels up to 31 March 2015.

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. They can be classified either as *financial liabilities at amortised cost* or as *financial liabilities through profit and loss.*

Those classified as *financial liabilities at amortised cost* 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 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 Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy to spread the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or ten years (if shorter). 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 into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in active market.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables 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.

Where a local authority 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.

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.

The Council does not have any such soft loans at the Balance Sheet date, and therefore none of the above adjustments are required.

Available-for-Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. 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.
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where there is a gain or loss in fair value on Available for Sale Assets, this change is shown separately within Other Comprehensive Income and Expenditure in the Income and Expenditure Account, under the heading "Gains and Losses reclassifiable into the Surplus or Deficit on the Provision of Service". Changes in fair value on Available for Sale Assets can be subsequently recognised in the Surplus or Deficit on Provision of Service on derecognition.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, 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. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

ix. Foreign Currency Translation

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

x. Government Grants and Contributions

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

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

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

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

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

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

Some grants credited to the grant earmarked reserves will be used for a capital purpose. In these instances, they will be transferred directly to the Capital Adjustment Account via the Movement in Reserves Statement as an adjustment between accounting basis and funding basis under regulations. This will have no impact on the net assets of the Council.

Prior to the implementation of the above policy, some grants may have been credited to the capital grants unapplied reserve when they can be used for either a revenue or capital purpose. Where this has happened and grants have previously been credited to the capital grants unapplied reserve but are then identified as resourcing for a revenue purpose within the rules of the grants, they will be transferred directly via the Movement in Reserves from the capital grants unapplied reserve and into the grant earmarked reserve.

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 Councils 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 authority 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 by an expert is available. Museum Collection Items for which only an insurance value is available are no longer included in the balance sheet.

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 amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued according to market conditions at the year end. Gains and losses on revaluation are posted to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

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

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. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013-14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xix. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Community assets – the Council values community assets at valuation, with the exception of one asset, which is valued (20.44m) at historical cost.
- All other assets – fair 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 fair value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of fair 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 fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair 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 Practices' requirements for componentisation where assets are acquired or enhanced, with the Council's £1m minimum value excluding land, for componentisation, as set out below:

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment –depreciated over 3 to 7 years as appropriate.
- Infrastructure – straight-line allocation over 30 years.

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 Council Tax, as the cost of fixed 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.

xx. 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.

xxi. 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.

xxii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. These reserves are classed as usable reserves and itemised in Note 5 on page 3.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits. These reserves are classed as unusable reserves and explained in Note 21 on page 3.

xxiii 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.

xxiv. 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.

xxv. 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.

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

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

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

As part of directly receiving a share of NNDR rates, the Council will also incur a share of the loss for repayments arising from appeals against NNDR valuations, which can be backdated to years prior to 1 April 2013. The Council has taken up a right allowed by statute to charge this cost to the Comprehensive Income and Expenditure Statement over a period of 5 years, starting in 2013-14.

xxvii. 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. For example, Housing Options, provider of housing advice, was transferred to the Council in February 2014 and is shown separately in the Comprehensive Income and Expenditure Account.

Note 2. Disclosure Requirements – Prior Period Adjustments

The Code requires disclosure of any material restatements relating to previous years. These are detailed below:

(a).The assets relating to 11 Foundation schools have been brought onto the Council's Balance as the Council is considered to have sufficient control in line with accounting standards.

The impact on the comparative 2012-13 statement of accounts is summarised below:

	2012-13	2012-13	2012-13
	£000	£000	£000
Main Financial Statements	Original	Change	Restated
Balance Sheet 2012-13 (p3)			
Property, Plant and Equipment	1,232,907	65,951	1,298,858
Unusable Reserves	192,797	-65,951	126,846

The impact on the comparative 2013-14 statement of accounts is summarised below:

	2013-14	2013-14	2013-14
	£000	£000	£000
Main Financial Statements	Original	Change	Restated
Balance Sheet 2013-14 (p3)			
Property, Plant and Equipment	1,026,074	66,497	1,092,571
Unusable Reserves	198,520	-66,497	132,023
Comprehensive Income and Expenditure Account 2013-14 (p3)			
Net Cost of Services	507,051	-546	506,505
(Surplus)/deficit on Provision of Services	208,557	-546	208,011
Total Comprehensive Income and Expenditure	-664	-546	-1,210
Movement in Reserves Statement 2013-14 (p3)			
Total Comprehensive Income and	-664	-546	-1,210
Adjustments between accounting basis & funding basis under regulations (Unusable Reserves)	-214,944	546	-214,397
Increase/Decrease in Unusable Reserves	-5,723	546	-5,177
Cash Flow Statement 2013-14 (p3)			
Net (surplus) or deficit on the provision of services	208,557	-546	208,011
Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-311,164	-1,751	-312,915
Investing Activities (Note 22 b)	-1,794	2,297	503
Note 23 Amounts Reported for Resources Allocation, Service Analysis 2013-14 (p3)			
Other Service Expenses	686,360	-2,297	684,063
Capital Charges	142,411	1,751	144,162

* The reduction in Net Cost of Service impacts on the Education & Children's Services line only

(b) Within Note 45 and the section called "Credited to Taxation and Non Specific grant income", the amount shown for Non Domestic Rates Distribution was not a grant in 2013-14 but a distribution direct from the Collection Fund. Therefore Note 45 was amended, so the Non Domestic Distribution distribution is no longer shown as a grant. The treatment of the distribution in the Comprehensive Income and Expenditure Statement as previously reported is unaffected.

	2013-14	2013-14	2013-14
Note 45 (p3)	**£000**	**£000**	**£000**
Non Domestic Rates Redistribution	Original	Change	Restated
Revenue Support Grant	182,862		182,862
Non Domestic Rates Redistribution	60,042	-60,042	0
Top Up Grant	54,447		54,447
New Homes Bonus Grant	6,698		6,698
Small Business Rates Section 31	3,355		3,355
Capitalisation Redistribution	964		964
Local Services Support Grant	350		350
Academy Refund	255		255
Total	**308,973**	**-60,042**	**248,931**

(c) The Collection Fund has been restated so that the amount settled for appeals is no longer netted off the amount "Due from Business Rate payers" and shown separately under expenditure under "settlement of appeals", see table below:

	2013-14	2013-14	2013-14
	£000	**£000**	**£000**
Collection Fund Statement	Original	Change	Restated
Income			
Due from Business Rate payers	-139,785	-4,293	-144,078
Expenditure			
Settlement of Appeals	0	4,293	4,293
Total	**-139,785**	**0**	**-139,785**

Note 3. Accounting Standards not yet adopted, Critical Judgements and Assumptions and Estimation

Accounting Standards Issued, not yet adopted

Accounting Policy	Summary of Policy	Effect of any changes
IFRS 13	IFRS 13, "Fair Value Measurement" provides a new definition of fair value for non-current assets and liabilities.	The accounting policy is unlikely to lead to any significant changes in the financial statements but could possibly have an impact on the fair value of certain classes of non-current assets and liabilities.
IAS 32	IAS 32, "Financial Instruments Presentation" sets out the requirements for presenting financial information.	This is unlikely to have any significant impact but may have an effect on the presentation of some financial instruments.
IFRIC 21 Levies	The IFRIC identifies that for any levies paid over to the government the obligating event is the activity that triggers the timing of the payment.	Any levies paid over to the government will be expensed in the financial year relating to the date of payment. This is not expected to lead to any change from current practice or have any material impact on the 2015-16 Statement of Accounts.

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 2015, 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. In particular a provision was required in 2014-15 for the estimated costs of repaying Business Rates, following successful appeals. A provision for bad debts is also included based on the expectation of the Council receiving payment.

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

There is also discretion and debate within current accounting standards about which school types should be included in the Balance Sheet, given there are different degrees of autonomy with the school types. However, the 2014-15 Code provided additional guidance and as a result it was determined that some Foundation Schools should be shown on the Council's Balance Sheet. As a result, a Prior Period Adjustment has been included in the Statement of Accounts to show the effect of bringing 11 Foundation Schools onto the Balance Sheet at 1 April 2013.

By virtue of legal ownership or the control exerted over school governing bodies, the Council recognises on its balance sheet at fair 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 (108 in total). All other schools (44) 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 and the value in the accounts as at 31 March 2015 is the revalued amount for assets that remain on the Balance Sheet.

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	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 (Note 20, P3)	The Council has a provision of £0.418m for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received or that precedents set by other Councils in the settlement of claims will be applicable.	An increase over the forthcoming year of either the total number of claims or the estimated average settlement would have a proportionate impact on the provision required.
	The Council also has a provision of £8.361m at 31 March 2015 (£9.214m at 31 March 2014) for insurance claims which it has chosen to self insure (all claims under £120,000). The insurance provision has been rigorously reviewed over the last two years and is now considered to be at an adequate level to meet all expected claims.	If the insurance provision is not adequate, which is considered very unlikely, extra funds would have to be found from available reserves or from in year savings.
	In addition, the Council has a provision of £7.526m at 31 March 2015 (£6.043m at 31 March 2014) for the Council's share of Business Rate Appeals. New funding arrangements now mean that the Council receives 49% of the Business Rates it collects, instead of a redistribution from the government. The provision has been estimated by analysing all appeals to date by category as well as reviewing the rate of success.	If the Business Rate appeals provision is not adequate, which is regarded as unlikely, additional funds would be required from reserves or in year savings.
	Under IFRS, provisions must be split between short term (up to one year) and long term (over one year). It is not possible to accurately determine when various claims, which may be subject to litigation, will be paid and therefore the analysis of the overall provision between long and short term is an approximate estimate.	An incorrect allocation of the provision between short term and long term will not change the net worth of the Balance Sheet, or impact on the Council's cash levels. It will either over or understate current or long term liabilities, where short and long term provisions are respectively included.
Pensions Liability	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 £42.580m - a decrease from £2,340.922m to £2,298.342m.

Pensions Liability	The Council decided not to estimate the impact on the pension liability of Academy conversions because there were fewer than in previous years and the schools concerned were Primary Schools, rather than Secondary Schools.	The impact is not significant on the overall pension liability
Arrears	At 31 March 2015, the Council had a balance of debtors and prepayments of £109m, a decrease of £7m compared to the 31 March 2014 figure of £116m. A review of significant balances suggested that a minimum impairment of debts of 15% was appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.
Leases	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:	The detailed criteria used to classify leases between operating and finance are explained on page 3, in Note 35.
	Split between finance and operating lease: • A lease where the lease term is less than 75% of the economic life of the asset will be assumed to be an operating lease. • A lease where the real (i.e. present) value of the minimum lease payments is less than 80% of the asset value, is classed as an operating lease. There are approximately 70 equipment leases which have a value over £10,000 over the life of the lease which will be reviewed. Those under £10,000 will not be reviewed.	The effect of making an incorrect classification between finance and operating leases is not considered material. The effect of not undertaking a separation of land and buildings for all relevant leases is also not considered material. Many leases are for land only, for which assessment will be relatively easy.
Central and Departmental Recharges	All recharges of central services, such as financial services, human resources and legal services are made using the most appropriate basis for recharging. Some services are charged based on number of employees, net budgets, net space occupied, net time spent on each department or other basis as appropriate.	The effect of changing the basis of estimates would be to change the amounts on the individual headings within Net Cost of Services, within the Comprehensive Income and Expenditure Account.

Note 4. Adjustments between accounting basis and funding basis under Regulations 2014-15

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.

2013-14					2014-15			
Useable Reserves					Useable Reserves			
General Fund Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves Restated	**Adjustment between Accounting Basis and Funding Basis Under Regulation**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
				Adjustments primarily involving the Capital Adjustment Account:				
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
47,944	0	0	-47,944	Charges for depreciation and impairment of non current assets	39,173	0	0	-39,173
93,782	0	0	-93,782	Revaluation losses on property, plant and equipment	42,708	0	0	-42,708
18	0	0	-18	Movements in the market value of Investment Properties	189	0	0	-189
1,880	0	0	-1,880	Amortisation of intangible assets	2,476	0	0	-2,476
-18,919	0	0	18,919	Capital grants and contributions applied	-38,455	0	0	38,455
9,940	0	-8,496	-1,444	Revenue expenditure funded from capital under statute (REFCUS)	9,973	0	-3,189	-6,784
116,720	0	0	-116,720	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	13,151	0	0	-13,151
0	0	0	0	Donated Assets	-900	0	0	900
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
-29,323	0	0	29,323	Statutory provision for the financing of capital investment	-32,045	0	0	32,045
-8,946	0	0	8,946	Capital expenditure charged against the General Fund	-10,209	0	0	10,209
				Adjustments primarily involving the Capital Grants Unapplied Account:				
-21,123	0	21,123	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-22,631	0	22,631	0
0	0	-20,339	20,339	Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-25,800	25,800
				Adjustments primarily involving the Capital Receipts Reserve				
-5,314	5,314	0	0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-5,267	5,267	0	0
0	-4,919	0	4,919	Use of the Capital Receipts Reserve to finance new capital expenditure	0	-4,391	0	4,391
15	-15	0	0	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	11	-11	0	
0	0	0	0	**Adjustments primarily involving the Deferred Capital Receipts Reserve:**				
0	33	0	-33	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	23	0	-23
				Adjustments primarily involving the Financial Instruments Adjustment Account:				
-380	0	0	380	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	-284	0	0	284
				Adjustments primarily involving the Pensions Reserve:				
83,614	0	0	-83,614	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	76,690	0	0	-76,690
-50,147	0	0	50,147	Employer's pensions contributions and direct payments to pensioners payable in the year:	-44,918	0	0	44,918
				Adjustments primarily involving the Collection Fund Adjustment Account:				
3,793	0	0	-3,793	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements.	882	0	0	-882
				Adjustment primarily involving the Accumulated Absences Account:				
-1,857	0	0	1,857	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	1,149	0	0	-1,149
221,697	413	-7,712	-214,398	**Total Adjustments between accounting basis & funding basis under regulations**	31,693	888	-6,358	-26,223

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2013 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2014 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2015 £000
General Fund Reserve	10,803	0	0	10,803	0	0	10,803
Schools Delegated Balances	43,136	-5,369	2,744	40,511	-4,000	1,845	38,356
A. Total General Fund Balance	**53,939**	**-5,369**	**2,744**	**51,314**	**-4,000**	**1,845**	**49,159**
Unallocated reserves available to support future budget decisions	**26,285**	**-9,017**	**13,696**	**30,964**	**-668**	**3,370**	**33,666**
Earmarked Reserves							
Managed Severance	4,093	0	0	4,093	0	0	4,093
Transitional and Risk	0	0	0	0	0	5,300	5,300
Exempt VAT	2,000	0	0	2,000	0	0	2,000
Former grant allocations	3,285	-2,517	0	768	0	0	768
PFI - Contracts	4,627	0	0	4,627	0	0	4,627
Capital Feasibility	273	0	0	273	0	0	273
Carbon Intervention	1,842	0	0	1,842	-1,081	0	761
Major Project Support	1,271	-1,271	0	0	0	0	0
Transformation Programme	742	-576	27	193	-249	181	125
Employment Opportunities Fund	4,521	-801	0	3,720	-1,293	0	2,427
Waste Collection & Disposal Options	4,433	0	0	4,433	0	0	4,433
Trade Waste VAT Refund	0	0	0	0	0	583	583
Insurance	151	0	1,170	1,321	-151	605	1,775
Industrial Centres of Excellence	1,679	-1,647	0	32	-31	0	1
Sports Strategy	208	-71	0	137	0	118	255
Regional Growth Fund	7,000	0	0	7,000	0	0	7,000
Academy Refund	3,079	-3,079	0	0	0	0	0
Better Use of Budgets	5,546	-5,546	6,985	6,985	-6,985	7,274	7,274
Regional Revolving Investment Fund	0	-144	4,100	3,956	0	0	3,956
Discretionary Social Fund	0	0	868	868	0	980	1,848
Single Status	571	-443	0	128	-130	25	23
Health Integration	0	0	222	222	0	0	222
Pre 1 April 2011 Better Use of Budgets	1,261	-1,261	0	0	0	0	0
	46,582	**-17,356**	**13,372**	**42,598**	**-9,920**	**15,066**	**47,744**
Reserves for capital investment							
Markets	942	-8	286	1,220	0	15	1,235
Renewal and Replacement	12,747	-2,503	2,714	12,958	-310	0	12,648
	13,689	**-2,511**	**3,000**	**14,178**	**-310**	**15**	**13,883**
Service Earmarked Reserves							
PFI - BSF Unitary Charge	7,731	0	2,454	10,185	-400	629	10,414
National Asylum Support Service (redesignated Clergy House)	874	-200	0	674	-674	0	0
Supporting People	2,065	0	0	2,065	0	0	2,065
Integrated Health and Social Care	1,811	-1,811	4,618	4,618	-3,418	6,576	7,776
Community Support and Innovation Fund	0	0	600	600	-120	0	480
Other	4,160	-2,047	5,694	7,807	-3,240	5,317	9,884
	16,641	**-4,058**	**13,366**	**25,949**	**-7,852**	**12,522**	**30,619**
Revenue Grant Reserves	6,689	-4,852	10,372	12,209	-9,544	6,416	9,081
B Total Earmarked Reserves	**109,886**	**-37,794**	**53,806**	**125,898**	**-28,294**	**37,389**	**134,993**
C Capital Grants Unapplied	45,848	-29,435	22,022	38,435	-21,302	14,944	32,077
D Capital Receipts Reserve	470	-4,934	5,347	883	-4,403	5,290	1,770
E Total Other Usable Reserves	**46,318**	**-34,369**	**27,369**	**39,318**	**-25,705**	**20,234**	**33,847**
Total Usable Reserves	**210,143**	**-77,532**	**83,919**	**216,530**	**-57,999**	**59,468**	**217,999**

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 (£49.2m)

A net £49.2m balance has been carried forward to 2015-16 (£51.3m at 31 March 2014). This includes £38.4m 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 £10.8m.

b) Earmarked Reserves (£135.0m)

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 2015 the Council has available £33.7m of unallocated corporate reserves. This is in line with the financial planning that underpinned the 2015-16 Budget decision to use immediately £15m of unallocated reserves to support the 2015-16 Budget. A further £7m of which to be allocated to partly bridge the forecasted revenue deficit of £14m in 2016-17.

In 2014-15 the level of earmarked reserves increased by a net £9.1m from £125.9m at 31 March 2014 to £135.0m at 31 March 2015. The significant in year transfers into reserves are listed below:

- £3.4m net underspend in 2014-15 transferred into an unallocated reserve earmarked for support of future annual revenue budgets.
- £7.3m of requests from Services to carry forward 2014-15 budget to complete projects in 2015-16.
- The creation of a £5.3m Transitional and Risk Reserve to fund specific time limited activity as approved in the 2015-16 Budget and to hedge against any delays in implementing the 2015-16 saving proposals.
- A further £1.0m added to the Discretionary Social Fund to fund the Council's replacement scheme following the ending of the Government's Local Welfare Assistance grant programme at 31 March 2015.
- £0.6m added to the BSF Phase 1 and 2 Service earmarked to ensure that when unitary payments exceed the PFI grant, the Council has sufficient resources to meet the costs.
- £6.6m added to an earmarked reserve to progress the integration of health and social care.
- £6.4m of unspent specific grant allocations which will be spent in 2015-16 in accordance with the original purpose of the grant.

The transfers into reserves have been partly offset by transfers back to the general fund to meet priority investment £11.8m, commitments carried forward from 2013-14 £7.0m and the application of £9.5m of grant monies received in previous years.

The planned use of unallocated Corporate Reserves to support future Budgets is estimated to leave a residual general reserve balance of just over £11.0m at 31 March 2017. A balance which continues to be regarded as potentially inadequate in the context of the difficult outlook for public finances.

c) Capital Grants Unapplied Reserve

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

d) Capital Receipts Reserve

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 £10,607 to the pool in 2014-15 (£14,224 in 2013-14). 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.

2013-14	Capital Receipts Reserve	2014-15
£000		**£000**
470	**Balance at 1 April**	**883**
	Usable receipts in the year	
5,313	Disposal of assets	5,267
33	Other capital receipts	22
-14	Appropriation to (–) from Revenue Account re pooled housing receipts	-11
-4,919	Used to finance capital spending	-4,391
0	Used for debt repayment	0
883	**Balance at 31 March**	**1,770**

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. **Material Items of Income and Expense**

The 2013-14 Comprehensive Income and Expenditure Account showed the Council received exceptional income of £7.678m. The Council reassessed the adequacy of the remaining Equal Pay provision in the light of known claims outstanding (77 cases) and new claims expected to be submitted. As the rate of new claims received over the last year is significantly below the rate of claims that would be required to justify maintaining the provision, £7.678m was released to the revenue account in 2013-14, leaving a provision at 31 March 2014 of £0.575m (see Note 20 p50).

There are no exceptional items in 2014-15.

Note 7. **Post Balance Sheet Events**

Between 1st April and 30th September 2015, there was a settlement of a legal case, identified as a contingent liability in the accounts. The settlement incurred will be funded from a reserve set aside for this purpose.

Since 1 April, one Community school, with a net book value of £7.9m (Belle Vue Boys' school, renamed Beckfoot Upper Heaton Academy) converted to an Academy and moved out of Local Authority control. Also the new build Bradford Forster Academy, which was valued in the 2014-15 SOA at £11m and classified as an Asset under Construction became operational as an Academy in September 2015. Both schools will be removed from the 2015-16 Balance Sheet when the 125 year peppercorn lease is completed.

Note 8. **Analysis of the Comprehensive Income and Expenditure**

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

a) Other Operating expenditure

2013-14 £000	Other Operating expenditure	2014-15 £000
1,053	Parish Council Precepts	1,204
14	Payments to the Government Housing Capital Receipts Pool	11
113,093	Losses on the disposal of non-current assets	7,879
114,160	**Total**	**9,094**

b) Financing and Investment Income and Expenditure

2013-14 £000	Financing and Investment Income and Expenditure	2014-15 £000
46,718	Interest payable and similar charges	45,988
34,442	Net Interest on the Pension net defined benefit liability/(asset)	25,255
-1,359	Interest receivable and other income	-1,135
-3,023	Income and expenditure in relation to investment properties and changes in their fair value	-1,795
-679	Other investment income	-680
2,254	Net Deficit on Trading Accounts	1,577
78,353	**Total**	**69,210**

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

2013-14 £000	Interest Payable and Similar Charges	2014-15 £000
	External interest charges	
25,795	Public Works Loans Board	24,852
18,857	Interest on PFI and finance lease rentals	19,097
1,775	Lender Option Borrower Option (LOBO's)	1,779
258	Transferred debt	238
33	Interest on short term borrowing	22
46,718	**Total**	**45,988**

c) Taxation and Non- Specific Grant Income

2013-14 £000	Taxation and Non-Specific Grant Income	2014-15 £000
-141,993	Council Tax income	-147,437
-60,042	Non domestic rates	-63,697
-248,931	Non-ringfenced government grants (see below)	-219,272
-40,041	Capital grants and contributions	-61,087
0	Donated Assets Funding	-900
-491,007	**Total**	**-492,393**

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 2014-15 the Council received the following:

2013-14 £000	Government grants (not attributable to specific services)	2014-15 £000
-182,862	Revenue Support Grant	-149,374
-54,447	Top Up Grant	-55,508
-255	Academy Refund	0
-350	Local Services Support Grant	-289
-6,698	New Homes Bonus Grant	-7,944
-3,355	Section 31 Grant	-6,157
-964	Capitalisation Redistribution	0
-248,931	**Total**	**-219,272**

Note 9. Property, Plant and Equipment: Movements on Balances in 2014-15

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastr-ucture assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2014	**7,023**	**875,907**	**81,178**	**274,660**	**40,646**	**26,143**	**8,687**	**1,314,244**	**64,581**
Additions	58	35,874	10,425	18,613	12	4,253	25,567	94,802	0
Revaluation in the Rev. Reserve	0	4,609	0	0	166	-126	0	4,649	0
Revaluation. in Surplus/Deficit on the Provision of Services	0	-53,819	0	0	-15	-1,984	0	-55,818	0
Derecognition – disposals	0	-8,005	-815	0	-786	-321	0	-9,927	0
Derecognition - other	0		-45,727	0	0	0	0	-45,727	0
Assets reclassified (to)/ from Held for Sale	0	-2,628	0	0	0	-1,161	-1,322	-5,111	0
Reclassifications	0	20,217	5	0	-27	-1,650	-8,287	10,258	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2015	**7,081**	**872,155**	**45,066**	**293,273**	**39,996**	**25,154**	**24,645**	**1,307,370**	**64,581**
At 1 April 2014	**-153**	**-79,059**	**-57,559**	**-84,160**	**-1**	**-741**	**0**	**-221,673**	**-2,429**
Depreciation charge	-117	-22,330	-7,245	-9,140	0	-341	0	-39,173	-1,213
Depreciation w/o Revalua tion Reserve	0	5,338	0	0	0	17	0	5,355	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	0	13,090	0	0	0	19	0	13,109	0
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – disposals	0	642	702	0	0	2	0	1,346	0
Derecognition – other	0	0	45,727	0	0	0	0	45,727	0
Reclassifications – Other	0	182	0	0	0	59	0	241	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2015	**-270**	**-82,137**	**-18,375**	**-93,300**	**-1**	**-985**	**0**	**-195,068**	**-3,642**
At 31 March 2014 – Net Book Value	**6,870**	**796,848**	**23,619**	**190,500**	**40,645**	**25,402**	**8,687**	**1,092,571**	**62,152**
At 31 March 2015 – Net Book Value	**6,811**	**790,018**	**26,691**	**199,973**	**39,995**	**24,169**	**24,645**	**1,112,302**	**60,939**

Comparative Movements in 2013-14

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastr-ucture assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
		Restated						Restated	Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2013	**6,590**	**1,044,029**	**70,235**	**262,126**	**40,053**	**31,869**	**42,212**	**1,497,114**	**136,816**
Additions	433	34,923	11,309	12,534	447	2,009	15,750	77,405	
Revaluation in the Rev. Reserve	0	-26,562	0	0	671	-3,825	0	-29,716	0
Revaluation. in Surplus/Deficit on the Provision of Services	0	-102,314	0	0	-250	-1,223	0	-103,787	-10,676
Derecognition – disposals	0	-120,459	-366	0	-358	-1,210	0	-122,393	-61,559
Derecognition – other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/ from Held for Sale	0	-1,774	0	0	-83	-3,408	0	-5,265	0
Reclassifications	0	48,034	0	0	166	1,931	-49,275	856	0
Other movements in cost or valuation	0	30	0	0	0	0	0	30	0
At 31 March 2014	**7,023**	**875,907**	**81,178**	**274,660**	**40,646**	**26,143**	**8,687**	**1,314,244**	**64,581**
Accumulated Depreciation & Impairment									
At 1 April 2013	**-43**	**-72,292**	**-49,628**	**-75,868**	**-9**	**-415**	**0**	**-198,255**	**-4,742**
Depreciation charge	-110	-25,844	-8,110	-8,292	-3	-811	0	-43,170	-2,319
Depreciation w/o Revalua tion Reserve	0	7,105	0	0	2	9	0	7,116	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	0	9,992	0	0	0	13	0	10,005	1,762
Impairment losses/ (reversals) in the Revaluation Reserve	0	-2,940	0	0	0	0	0	-2,940	0
Impairment in Surplus/Deficit on the Provision of Services	0	-4,774	0	0	0	0	0	-4,774	0
Derecognition – disposals	0	9,455	179	0	0	0	0	9,634	2,870
Derecognition – other	0	0	0	0	0	0	0	0	0
Reclassifications – Other	0	267	0	0	9	463	0	739	0
Other movements in depreciation & impairment	0	-28	0	0	0	0	0	-28	0
At 31 March 2014	**-153**	**-79,059**	**-57,559**	**-84,160**	**-1**	**-741**	**0**	**-221,673**	**-2,429**
At 31 March 2013 – Net Book Value	**6,547**	**971,737**	**20,607**	**186,258**	**40,044**	**31,454**	**42,212**	**1,298,859**	**132,073**
At 31 March 2014– Net Book Value	**6,870**	**796,848**	**23,619**	**190,500**	**40,645**	**25,402**	**8,687**	**1,092,571**	**62,152**

Note 10. Valuations

Operational and non-operational assets have 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. Not all properties were inspected as this was not considered necessary for the purposes of the valuation. Revaluations are planned through a five year rolling programme and have been listed in the table below in the year they were revalued.

The Council constructed a number of dwellings for rent, which are managed by a housing association on its behalf. The Council does not have to establish a Housing Revenue Account (HRA) as it has received legal opinion that it is not required for such a small number of properties.

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	0	0	26,691	330	199,973	20,440	24,645	272,079
Valued at Fair Value in:								
2009/10	0	37		22		19		78
2010/11	0	212,475		3,215		1,698		217,388
2011/12	2,567	82,102		1,031		50		85,750
2012/13	4,244	69,006		8,817		14,121		96,188
2013/14	0	201,317		5,680		3,033		210,030
2014/15	0	225,081		5,074		634		230,789
Total	**6,811**	**790,018**	**26,691**	**24,169**	**199,973**	**39,995**	**24,645**	**1,112,302**

Note 11. Capital Commitments and Obligations Under long Term Contracts

a) Capital Commitments

The Council has an approved capital investment plan for the period 2015-16. At 31 March 2015 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015-16 and future years budgeted to cost £4.602m. Similar commitments at 31 March 2014 were £14.873m. The major commitments (over £0.250m) are:

Capital Commitments	2013-14	2014-15
	£000	£000
Primary Capital Programme	4,276	1,655
Primary Schools Expansion Programme	6,334	1,339
New Affordable Housing – Valley Drive, Ilkley and Canary Drive	0	628
New Affordable Housing – Fieldway Ilkley	1,597	0
New Affordable Housing – Ripley Street	2,340	0
Academies Programme	326	0
Clergy House	0	686
Tyrls (Old Police Station)	0	294
Total	**14,873**	**4,602**

b) Obligations Under Long-Term Contracts

Bradford-I

Bradford-I is a 10 year contract, which started in September 2005, with IBM UK Ltd, and SERCO (which is a subcontractor for the provision of ICT services). The last day of the contract is 4 September 2015.

The contract provides for the implementation of the following:

- a modernised ICT platform to support the Council's corporate objectives
- an Enterprise Resource Planning System (Including Core Financial Systems)
- a new integrated revenues and benefits system
- a Customer Relationship Management System

- a Web Content Management System
- on going support of other existing corporate and departmental systems.
- a framework for the specification and procurement of ICT hardware and software

The estimated contract value is £195.791m with the upfront investment being provided by IBM UK Ltd via IBM Global Financing organisation.

Building Schools for the Future (BSF)

In December 2006 the Council entered into a 10 year Local Education Partnership (LEP) with Integrated Bradford LEP Ltd. Under the agreement the LEP enjoys exclusivity in the provision of capital works to the Council's secondary school campuses for ten years.

Phase 1 of the programme comprised the building of three new schools together with the provision of facilities management and maintenance for the next 25 years under a Private Finance Initiative contract. The schools opened in August 2008 and the total cost of the service over 25 years (including utilities £9m) is £322m. The Council has secured funding support from the former Department for Children, Schools and Families (DCSF), now the Department for Education (DfE), which totals £225m (including utilities) over the contract period.

Allied to the PFI contract the Council has entered into a 5 year ICT contract with the LEP. The cost of this contract is £10.2m including recent additions to its scope of which £6.9m has been secured in support from the former DCSF.

The contract for Phase 2 of the local BSF Programme was finalised in September 2009 for £457m. In addition to works delivered under the PFI remit to four mainstream and three co-located Special Needs Secondary Schools, Phase 2 incorporates works to one mainstream and three SEN Primary Schools delivered under design and build contracts which are predominately funded from the Council's own resources. £236m of support is being provided by the former DCSF over 25 years in the form of PFI credits. Also a £10m grant has been provided for ICT costs.

Allied to the building related contracts the Council has entered into a 5 Year ICT Contract with the LEP at the respective Phase 2 schools.

Note 12. Heritage Assets

Tangible Heritage Assets

	Museum collection £000	Civic regalia £000	Statues & Monuments £000	Total Assets £000
Cost or valuation				
1 April 2010	9,209	818	0	10,027
Revaluation increases / (decreases) recognised in the revaluation reserve	1,520	914	0	2,434
31 March 2011	**10,729**	**1,732**	**0**	**12,461**
Cost or valuation				
1 April 2011	10,729	1,732	0	12,461
Revaluation increases / (decreases) recognised in the revaluation reserve	0	0	0	0
31 March 2012	**10,729**	**1,732**	**0**	**12,461**
Cost or valuation				
1 April 2012	10,729	1,732	0	12,461
Revaluation increases / (decreases) recognised in the revaluation reserve	19,440	0	0	19,440
31 March 2013	**30,169**	**1,732**	**0**	**31,901**
Cost or valuation				
1 April 2013	30,169	1,732	0	31,901
Additions	0	0	86	86
Revaluation increases / (decreases) recognised in the revaluation reserve	90	0	0	90
31 March 2014	**30,259**	**1,732**	**86**	**32,077**
Cost or valuation				
1 April 2014	30,259	1,732	86	32,077
Additions	900	0	2	902
Revaluation increases / (decreases) recognised in the revaluation reserve	2,861	0	0	2,861
31 March 2015	**34,020**	**1,732**	**88**	**35,840**

The Council held £36m heritage assets on its Balance Sheet as at 31 March 2015.

The above table discloses Heritage Assets for five accounting periods – 2014-15 and the previous four comparative accounting years.

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 166,000 separate works of art and exhibits. It is not considered practical to individually value this entire collection, and so only those items which are considered to have a significant value are individually valued and recorded in the balance sheet at their current valuation.

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

During 2014-15 18 additional paintings have been reviewed by external valuers and this has resulted in a revaluation increase of £381,000. In addition another item in the collection has been considered by Auctioneers and a new valuation has been provided for this, meaning a revaluation increase of £2,480,000.

In addition to external valuations the collection is considered for insurance values and two 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 note above, only those items which have a significant individual value are included in the balance sheet. The current insurance valuation of the lesser valued items have been given a collective value of £46m. Items within the collection are diverse, ranging from scientific specimens, to period fashion garments, to antique furniture. The Council has determined that it would not be practical within a justifiable level of cost to obtain individual valuations for its entire collection.

Civic Regalia

The Council's external valuer for its Civic Regalia (Sydneys Ltd) carried out a full valuation of the collection as at June 2010. The valuations are based on commercial markets. The valuations are updated approximately every ten years with the previous one completed in April 2001. The Council's Civic Regalia is held in City Hall.

Statues and external works of art

The Council has £0.88m of Statues and Monuments. This relates to a new war memorial that was constructed in 2013-14 and the value in the accounts is at historic cost.

Other Heritage Assets

There are also potential heritage assets not included on the balance sheet and these include:

- Scheduled ancient monuments and regionally important geological sites – carved rocks and caves.
- Library archives - maps, photographs, newspapers & electoral rolls.
- Fossil Tree stumps.
- Statues and memorials across the District.

For the majority of the statues, neither cost nor valuation information can be provided and therefore reported in the Balance Sheet. This relates to over 60 statues and memorials that are located across the District.

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

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

No significant heritage assets were disposed of in 2014-15.

Additions of Heritage Assets

There have been no significant purchases to heritage assets in 2014-15 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. This year there has been a donation of four paintings to the Museum Collection and these have been included based on an external valuation of £900,000 completed in June 2012.

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 £1.988m (see below Analysis of Rental Income and Management Costs of Investments), less the decrease of 0.189m on fair value (see below reconciliation of Movements on Investments), plus the loss on disposal of £0.004m comprise the £1.795m charge for investment properties in Note 7 (b), Financing and Investment Income and Expenditure, page 3.

2013-14 £000		**2014-15 £000**
-1,809	Rental income from investment property	-2,469
-120	Other income (service and other charges)	-152
	Direct operating expenses:	
216	Repairs & maintenance	156
358	Management expenses	477
-1,355	**Net (gain)**	**-1,988**

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

2013-14 £000	**Reconciliation of Movements on Investments**	**2014-15 £000**
60,595	**Balance at 1 April**	**58,556**
309	Expenditure	0
-1,474	Disposals	-192
-18	Net gains/losses(-) from fair value adjustments	-189
	Transfers	
-856	To/from Property, Plant and Equipment	-10,258
58,556	**Balance at 31 March**	**47,917**

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 but revalued according to market conditions at the year end.

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 10 years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £2.476m charged to revenue in 2014-15 (£1.88m in 2013-14) 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:

	2013-14 £000	2014-15 £000
Balance at 1 April each year		
• Gross carrying amounts	17,101	18,889
• Accumulated amortisation	-11,282	-13,162
Net carrying amount at start of year	**5,819**	**5,727**
Additions :		
• Purchases	1,788	487
Amortisation for the period	-1,880	-2,476
Net carrying amount at end of year	**5,727**	**3,738**
Comprising :		
• Gross carrying amounts	18,889	19,376
• Accumulated amortisation	-13,162	-15,638

The intangible assets figures largely comprise the software required to run the Council's computer system. The Council has not been able to revalue this software due to its specialist nature as it has been specifically configured for the Council and is not easily comparable with any other system. However, the life of the system used for amortisation is estimated to be conservative, and the actual life should exceed the estimated life for accounting purposes.

Note 15. Construction Contracts

The Council did not enter into any construction contracts in 2014-15 or 2013-14.

Note 16. Long Term Investment

The Council's long term investment at 31 March 2015 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2014 £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 remaining equity is held by Partnership for Schools (PfS) 10%, and 80% by private sector partners Costain and Ferrovial Agroman (UK) Ltd (formerly Amey). 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 amount owed by other local authorities at 31 March 2015 of £0.307m is in respect of transferred debt for Probation Service owed by other West Yorkshire authorities.

The balance owing on sale of assets on finance leases of £221,000 represents the principal element of the leases.

31 March 2014 £000	Analysis of Long Term Debtors	31 March 2015 £000
47	Former Council house tenants	25
330	Other local authorities re joint services	307
892	Car loans	678
287	Building Schools for the Future Ltd	280
0	Loans to organisations	167
6	Housing Advances	5
224	Balance owing on sale of assets on finance lease(s)	221
33	Other	34
1,819	**Total**	**1,717**

Note 18. Current Assets and Current Liabilities

31 March 2014 £000	Inventories	31 March 2015 £000
71	Trading services	73
2,150	Other	2,167
2,221	**Total**	**2,240**

Short term Debtors and Payments In Advance

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

31 March 2014 £000	Analysis of Debtors and Payments in Advance	31 March 2015 £000
	Amounts falling due within one year	
13,982	Central Government bodies	14,801
2,013	Other local authorities	2,331
11,282	NHS bodies	15,429
663	Public corporations and trading funds	680
73,787	Other entities and individuals	66,617
13,903	General payments in advance	9,232
115,630	**Total**	**109,090**
	Less provision for bad and doubtful debts	
11,610	Collection Fund	13,180
9,149	Other	11,647
94,871	**Net Total**	**84,263**

The net debtors have changed from a total of £94.871m at 31 March 2014 to £84.263m at 31 March 2015, a decrease of £10.608m.

Short Term Investments

The Council has short term investments of £53.7m; see Balance Sheet (£80.113m 2013-14). This is invested with the government, 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 2015, £99.336m was invested in short term deposits, banks and building societies (£101.349m at 31 March 2014).

31 March 2014 £000		31 March 2015 £000
1,207	Cash held by the Council	707
83,139	Bank accounts	72,512
17,003	Short term deposits with building societies and banks	26,117
101,349	**Total Cash and Cash Equivalents** (see Balance Sheet page 3)	**99,336**
-18,559	Cash and Cash Equivalents Overdrawn (see Balance sheet page 3)	-4,379
82,790	**Total net Cash and Cash Equivalents** (see Cashflow statement page 3)	**94,957**

The Council also has short term borrowings of £59.419m (£32.734m 2013-14).

Creditors and Receipts in Advance

31 March 2014 £000	Analysis of Creditors and Receipts in Advance	31 March 2015 £000
	Amounts falling due within one year	
13,144	Central Government bodies	19,104
817	Other local authorities	610
1,241	NHS bodies	4,796
0	Public corporations and trading funds	174
67,455	Other entities and individuals	62,948
82,657	**Total**	**87,632**
	Receipts in advance	
12,247	Sundry	10,814
5,418	Developer's contributions	5,415
17,665	**Total**	**16,229**
100,322	**Total Creditors and Receipts in Advance**	**103,861**

Note 19. **Assets held for sale**

Current Assets held for sale

	2013-14 £000	2014-15 £000
Balance outstanding at start of year	**238**	**2,277**
Assets newly classified as held for sale:		
- Property, Plant and Equipment	4,526	4,873
Assets declassified:		
- Property, Plant and Equipment	0	-3
Assets sold	-2,487	-4,377
Balance outstanding at year end	**2,277**	**2,770**

Note 20. **Provisions**

The provisions totals of £21.041m at 31 March 2015 and £23.850m at 31 March 2014 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, £10.623m at 31 March 2015 (£12.207m at 31 March 2014). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £10.418m at 31 March 2015 (£11.643m at 31 March 2014).

	Termination	Personal Search fees	MMI Scheme of Arrangement	Carbon Reduction Commitment	Outstanding legal cases	Injury and Damage Compensation Claims	Equal Pay Provisions	Aftercare Services	Business Rate Appeals	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 31 March 2013	**363**	**709**	**455**	**786**	**3,362**	**6,155**	**9,084**	**101**	**0**	**21,015**
Additional provisions made in 2013-14	6,537			840	1,846	3,622	0	0	6,043	18,888
Amounts used in 2013-14	-363	-170	-455	-785	-1,591	-1,640	-831	0	0	-5,835
Unused amounts reversed in 2013-14	0	0		0	-181	-2,359	-7,678	0	0	-10,218
Balance at 31 March 2014	**6,537**	**539**	**0**	**841**	**3,436**	**5,778**	**575**	**101**	**6,043**	**23,850**
Additional provisions made in 2014-15	2,808	0	0	0	2,352	4,156	12	0	4,378	13,706
Amounts used in 2014-15	-4,768	-7	0	-841	-1,960	-2,026	-144	0	-2,895	-12,641
Unused amounts reversed in 2014-15	0	-373	0	0	-618	-2,757	-25	-101	0	-3,874
Balance at 31 March 2015	**4,577**	**159**	**0**	**0**	**3,210**	**5,151**	**418**	**0**	**7,526**	**21,041**

Short-Term	2,886	159	0	0	1,287	2,210	318	0	3,763	10,623
Long-Term	1,691	0	0	0	1,923	2,941	100	0	3,763	10,418
Balance at 31 March 2015	**4,577**	**159**	**0**	**0**	**3,210**	**5,151**	**418**	**0**	**7,526**	**21,041**

Termination (£4.577m) – for planned future termination costs arising from the detailed saving proposals approved as part of the 2015-16 Budget by Council in February 2015.

Property Search fees (£0.159m) – 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.

Carbon Reduction Commitment (£0m) – The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

Insurance provisions (£3.210m and £5.151m) – These provisions bear the risk of day to day losses as an alternative to providing insurance cover through external insurance companies. Losses over £120,000 are externally insured. The main areas provided for are:

31 March 2014 £000	**Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)**	**31 March 2015 £000**
0	Property	170
8,568	Other Liability claims	7,636
646	Motor	555
9,214	**Total**	**8,361**

Equal Pay Provision (£0.418m) - Implementation of the 1997 Single Status Agreement between local authority employers and unions involves the review, job evaluation and harmonisation of former officer and former manual worker terms and conditions. It will lead to compensation claims under equal pay legislation (claims can cover a period of up to six years). In accordance with International Accounting Standard 37, the Authority has set aside a provision for the cost of claims. In 2014-15, claims and legal costs totalling £0.144m (£0.831m in 2013-14) were paid out. The provision was increased by £0.012m and £0.025m was no longer required. This leaves £0.418m in the provision at 31 March 2015 (£0.575m at 31 March 2014).

Aftercare services provision (£0m) – A provision of £0.101m was added in 2012-13 for Aftercare services, which is no longer required.

Business Rates Appeals (£7.526m) – 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**

2013-14 Restated £000		2014-15 £000
177,945	(a) Revaluation Reserve	184,911
325,782	(b) Capital Adjustment Account	339,002
-6,383	(c) Financial Instruments Adjustment Account	-6,099
-612,686	(d) Pensions reserve	-733,599
306	(e) Deferred capital receipts reserve	283
-4,212	(f) Collection Fund Adjustment Account	-5,094
-12,775	(g) Accumulated Absences Account	-13,924
-132,023	**Total Unusable Reserves**	**-234,520**

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 2014-15, the Reserve has increased from £177.945m to £184.911m, an increase of £6.966m.

2013-14 Restated		2014-15
231,947	**Balance at 1 April**	**177,945**
25,154	Upward revaluation of assets	22,203
-47,664	Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-9,338
-2,940	Impairments not charged to the Surplus or deficit on the Provision of Services	0
-25,450	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**12,865**
-5,916	Difference between fair value depreciation and historical cost depreciation	-4,191
-22,636	Accumulated gains on assets sold or scrapped	-1,708
-28,552	**Amount written off to the Capital Adjustment Account**	**-5,899**
177,945	**Balance at 31 March**	**184,911**

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.

2013-14 Restated £000		2014-15 £000
476,571	**Balance at 1 April**	**325,782**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
-47,944	- Charges for depreciation and impairment of non-current assets	-39,173
-93,782	- Revaluation losses on Property, Plant and Equipment	-42,708
-1,880	- Amortisation of Intangible Assets	-2,476
-1,444	- Revenue expenditure funded from capital under statute (REFCUS)	-6,784
-116,720	- 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	-13,151
28,552	Adjusting amounts written out of the Revaluation Reserve	5,899
	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year :	
4,919	- Use of the Capital Receipts Reserve to finance new capital expenditure	4,393
17,246	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	38,455
20,339	- Application of grants to capital financing from the Capital Grants Unapplied Account	25,800
1,674	- Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	0
0	- Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	900
29,323	- Statutory provision for the financing of capital investment charged against the General Fund	32,045
8,946	- Capital expenditure charged against the General Fund balance	10,209
-18	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-189
325,782	**Balance at 31 March**	**339,002**

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.

2013-14 £000		2014-15 £000
-6,763	**Balance at 1 April**	**-6,383**
395	Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	268
-15	Removal of Effective Interest Rate on stepped interest loans	16
380	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	**284**
-6,383	**Balance at 31 March**	**-6,099**

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 28 for full explanation.

2013-14		2014-15
£000		**£000**
-813,890	**Balance at 1 April**	**-612,686**
234,671	Actuarial gains or losses on pensions assets or liabilities	-89,141
-83,614	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	-76,690
50,147	Employer's pensions contributions and direct payments to pensioners payable in the year	44,918
-612,686	**Balance at 31 March**	**-733,599**

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.

2013-14		2014-15
£000		**£000**
340	**Balance at 1 April**	**306**
-34	Transfer to the Capital Receipts Reserve upon receipt of cash	-23
306	**Balance at 31 March**	**283**

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.

2013-14		2014-15
£000		**£000**
-419	**Balance at 1 April**	**-4,212**
-3,793	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	-882
-4,212	**Balance at 31 March**	**-5,094**

g) Accumulated Absences Account

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

2013-14		2014-15
£000		**£000**
-14,632	**Balance at 1 April**	**-12,775**
14,632	Settlement or cancellation of the accrual made at the end of the preceding year	12,775
-12,775	Amounts accrued at the end of the current year	-13,924
1,857	**Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements**.	**-1,149**
-12,775	**Balance at 31 March**	**-13,924**

Note 22. Cash Flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

2013-14 Restated £000		2014-15 £000
208,011	Net (surplus) or deficit on the provision of services (see d)	24,753
-312,915	Adjustments to surplus or deficit for non-cash movements (See d)	-182,531
45,355	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	66,354
-1,521	Interest Received	-1,220
46,675	Interest paid	46,945
-722	Dividends Received	-680
-15,117	**Net cash flows from operating activities**	**-46,379**

b) Investing Activities

The cash flows for investing activities include the following items:

2013-14 Restated £000		2014-15 £000
81,143	Purchase of property, plant and equipment, investment property and intangible assets	94,831
234,606	Purchase of short term and long term investments	174,901
-5,347	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-5,289
-38,727	Capital grants	-62,430
-271,172	Proceeds from short term and long term investments	-201,212
503	**Net cash flows from investing activities**	**801**

c) Financing Activities

The cash flows for financing activities include the following items:

2013-14 £000		2014-15 £000
-16,000	Cash receipts of short and long term borrowing	-38,400
-1,075	Other receipts from financing activities	-802
6,648	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	8,269
16,000	Repayments of short and long term borrowing	64,344
5,573	**Net cash flows from financing activities**	**33,411**

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

2013-14 Restated £000	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow			2014-15 £000
208,011	**Net deficit / surplus (-) for year on the Comprehensive Income and Expenditure Account (I & E)**	A		**24,753**
	Add back non cash I & E items:			
-143,624	Depreciation & impairment, revaluation gains and losses, market value movements, and amortisation	B		-84,546
-645	Aborted cost on prior year capital expenditure	C		0
-33,467	IAS19 Pension adjustments	D		-31,772
	Donated Assets non-cash funding	E		900
	Items on accruals basis:			
474	Decrease (-) / Increase in stocks	F		19
17,430	Decrease (-) / increase in amounts due to Council (debtors)	G		-10,015
9,048	Decrease / increase (-) in amounts due from Council (creditors)	H		-580
-116,721	Carrying amount of disposals	I		-13,151
-2,836	Movement provisions	J		2,809
1,858	Net movement on Employee Benefit accrual	K		-1,150
-268,483	Removal of non-cash items included in Deficit/Surplus on Provision of services	L	B to K	*-137,486*
	Removal of interest received and paid already included in Surplus/Deficit so that this can be shown separately:			
-46,675	Interest paid	M		-46,945
1,521	Interest received	N		1,220
722	Dividends received	O		680
-44,432	Interest received and paid	P	M to O	*-45,045*
-312,915	**Adjustments to surplus or deficit for non-cash movements (Per Cash Flow Statement)**	Q	P + L	**-182,531**
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
40,041	Capital Grants credited to surplus or deficit on the provision of services	R		61,087
5,314	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	S		5,267
45,355	**Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities**	T	R + S	**66,354**
44,432	**Interest and dividends received & paid shown separately (see above)**	U	- P	**45,045**
-15,117	**Operating activities - net cash flow**	V	A+Q+T+U	**-46,379**

Note 23. Amounts Reported for Resource Allocation

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice.* However, decisions about resource allocation are taken by the Council's Executive on the basis of financial monitoring and budget reports analysed across Council Services. These reports are prepared on a different basis from the accounting policies used in the financial statements as they focus on identifying the net expenditure on key services, and how that varies from the budget for those services.

Service Analysis

The income and expenditure of the Council's services reported in the Annual Finance and Performance Outturn Report for 2014-15 for 31 March 2015 is shown below. An adjustment for internal vehicle maintenance charges and Bradford and Airedale Community Equipment Service (BACES) pooled budget means that Environmental Services and Adult Services expenditure and income are £8.507m and £1.147m lower than the gross position reported to Members. Similarly the service analysis shows a revaluation loss of £2.507m under Children's services, rather than under Regeneration and Culture, as in the Outturn report.

Service Income and Expenditure 2014-15	Children's Services £000	Environment & Sport £000	Public Health £000	Adults and Community £000	Regeneration & Culture £000	Central, Corporate & Non Service £000	Total £000
Fees, charges & other service income	-39,315	-27,928	-934	-29,017	-60,624	-12,818	-170,636
Government grants & contributions	-486,146	-1,636	-35,338	-19,613	-11,100	-185,868	-739,701
Total Income	**-525,461**	**-29,564**	**-36,272**	**-48,630**	**-71,724**	**-198,686**	**-910,337**
Employee Expenses	379,163	45,704	2,940	35,874	47,983	38,761	550,425
Other service expenses	204,948	32,328	33,221	141,829	68,164	207,491	687,981
Capital Charges	50,767	9,233	0	1,188	18,683	4,622	84,493
Total Expenditure	**634,878**	**87,265**	**36,161**	**178,891**	**134,830**	**250,874**	**1,322,899**
Net Expenditure	**109,417**	**57,701**	**-111**	**130,261**	**63,106**	**52,188**	**412,562**

The income and expenditure of the Council's services reported in the Council's Financial Review Outturn Statement for 31 March 2014 is as follows:

Service Income and Expenditure 2013-14	Children's Services Restated £000	Environment & Sport £000	Public Health £000	Adults and Community £000	Regeneration & Culture £000	Central, Corporate & Non Service £000	Total Restated £000
Fees, charges & other service income	-35,902	-26,137	-792	-29,139	-62,086	-12,109	-166,165
Government grants & contributions	-484,989	-690	-31,562	-17,734	-5,416	-187,411	-727,802
Total Income	**-520,891**	**-26,827**	**-32,354**	**-46,873**	**-67,502**	**-199,520**	**-893,967**
Employee Expenses	380,953	42,695	2,551	33,929	48,921	42,030	551,079
Other service expenses	203,322	32,302	29,541	146,503	64,794	207,601	684,063
Capital Charges	108,953	4,298	0	1,021	27,421	2,469	144,162
Total Expenditure	**693,228**	**79,295**	**32,092**	**181,453**	**141,136**	**252,100**	**1,379,304**
Net Expenditure	**172,337**	**52,468**	**-262**	**134,580**	**73,634**	**52,580**	**485,337**

Reconciliation of Service Income and Expenditure to Costs of Services in the Comprehensive Income and Expenditure Statement for 2014-15

The Net Cost of Services total of £412.562m is different to the Net Cost of Services of £438.842m included in the Comprehensive Income and Expenditure Statement in the Statement of Accounts. The differences, totalling £26.28m, are explained in the reconciliation statement below.

	2013-14 Restated	2014-15
	£000	£000
Net expenditure included in Service Analysis	**485,337**	**412,562**
Adjustments to Reconcile to pre IFRS Income and Expenditure Account :		
Add West Yorkshire Integrated Transport Authority (WYITA) levy	23,542	23,854
One-off lump sum payment to WYPF shown in Outturn report under Central Budgets	4,355	0
Pension capitalisation costs	-645	0
Writeback of excess provision for single status	-7,678	-25
Local Council Tax Support Grant paid to Parish Councils	159	161
Other	4	0
Amounts in the Comprehensive income and Expenditure Statement not reported to management in the analysis	**19,737**	**23,990**
Exclude grants included in services for budget reporting, but excluded from the Statement of Accounts as included under Taxation and Non-Specific Grant Income	350	289
Trading Services deficit	-2,254	-1,577
Investment recharge adjustments	0	-13
Investment Adjustments	416	212
Interest Received	1,998	1,778
Exclude income and expenditure in relation to changes in fair value of investment properties	921	1,587
Other	0	14
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	**1,431**	**2,290**
Cost of Services in the Comprehensive income and Expenditure Statement	**506,505**	**438,842**

2014-15 Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services of £20.551m included in the Comprehensive Income and Expenditure Statement (CIES).

	Service Analysis (excluding support services)	Services & support not included in analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-147,275	-21,584	0	20,141	21,584	-127,134	0	-127,134
Interest and investment income	-1,778	0	0	1,778	0	0	-1,815	-1,815
Council Tax income	0	0	0	0	0	0	-147,437	-147,437
Government grants & contributions	-739,265	-435	0	944	435	-738,321	-344,956	-1,083,277
Total Income	**-888,318**	**-22,019**	**0**	**22,863**	**22,019**	**-865,455**	**-494,208**	**-1,359,663**
Employee expenses in Surplus/Deficit	515,414	35,011	-25	-11,543	0	538,857	0	538,857
Other service expenses	648,249	39,732	161	-6,159	0	681,983	0	681,983
Support Service recharges	0	-58,842	0	-2,042	36,823	-24,061	0	-24,061
Depreciation, amortisation and impairment	78,375	6,118	0	-7	0	84,486	0	84,486
Interest payments	0	0	0	0	0	0	45,988	45,988
Net Pension Interest Cost	0	0	0	0	0	0	25,255	25,255
Precepts & levies	0	0	23,854	0	0	23,854	1,204	25,058
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	11	11
Gain or loss on trading accounts	0	0	0	0	0	0	1,577	1,577
Gain or loss on investment properties	0	0	0	-822	0	-822	-1,795	-2,617
Gain or loss on disposal of fixed assets	0	0	0	0	0	0	7,879	7,879
Total Expenditure	**1,242,038**	**22,019**	**23,990**	**-20,573**	**36,823**	**1,304,297**	**80,119**	**1,384,416**
Surplus or deficit on the provision of services	**353,720**	**0**	**23,990**	**2,290**	**58,842**	**438,842**	**-414,089**	**24,753**

2013-14 Comparative Figures

	Service Analysis (excluding support services) Restated	Services & support not included in analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of recharges	Cost of Services Restated	Corporate Amounts	Total Restated
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-141,934	-22,233	0	17,860	22,233	-124,074	0	-124,074
Interest and investment income	-1,998	0	0	1,998	0	0	-2,038	-2,038
Council Tax income	0	0	0	0	0	0	-141,993	-141,993
Government grants & contributions	-727,418	-384	0	927	384	-726,491	-349,014	-1,075,505
Total Income	**-871,350**	**-22,617**	**0**	**20,785**	**22,617**	**-850,565**	**-493,045**	**-1,343,610**
Employee expenses in Surplus/Deficit	506,554	44,525	-3,972	-10,831	0	536,276	0	536,276
Other service expenses	644,596	39,467	167	-5,658	0	678,572	0	678,572
Support Service recharges	0	-74,956	0	-2,208	52,339	-24,825	0	-24,825
Depreciation, amortisation and impairment	130,581	13,581	0	-66	0	144,096	0	144,096
Interest payments	0	0	0	0	0	0	46,718	46,718
Net Pension Interest Cost	0	0	0	0	0	0	34,442	34,442
Precepts & levies	0	0	23,542	0	0	23,542	1,053	24,595
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	14	14
Gain or loss on trading accounts	0	0	0	0	0	0	2,254	2,254
Gain or loss on investment properties	0	0	0	-591	0	-591	-3,023	-3,614
Gain or loss on disposal of fixed assets	0	0	0	0	0	0	113,093	113,093
Total Expenditure	**1,281,731**	**22,617**	**19,737**	**-19,354**	**52,339**	**1,357,070**	**194,551**	**1,551,621**
Surplus or deficit on the provision of services	**410,381**	**0**	**19,737**	**1,431**	**74,956**	**506,505**	**-298,494**	**208,011**

Note 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2014-2015 (there were 2 acquired operations during 2013-14, Public Health and Housing Options.)

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 2013-14 and 2014-15:

Trading Services Surplus (-) / Deficit			
2013-14 Surplus (-) /Deficit £000		**2014-15 Turnover £000**	**2014-15 Surplus (-) /Deficit £000**
1,109	School & welfare catering	-16,189	648
358	Other catering	-683	253
787	Building cleaning	-1,306	676
2,254	**Total**	**-18,178**	**1,577**

Trading Services Included in Net Cost of Services			
2013-14 Surplus (-) /Deficit £000		**2014-15 Turnover**	**2014-15 Surplus (-) /Deficit £000**
-834	Markets	-2,806	-411
-3,356	Car parks	-5,055	-3,838
10	Trade refuse	-2,872	297
-4,180	**Total**	**10,733**	**-3,952**

The services have been shown in the Comprehensive Income and Expenditure Statement in accordance with SeRCOP, Traded Services. 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 cost of services, in the Comprehensive Income and Expenditure Statement.

Note 26. Agency Services

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 2014-15, the Council received £0.577m income (£0.521m in 2013-14) 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 2014-15 or 2013-14.

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

Community Equipment Service Section 31 Agreement

The Council entered into a formal Section 31 pooled budget arrangement for this service from April 2004. From 2014-15, this arrangement was with the Bradford District Care Commissioning Group (CCG). A summary of contributions and expenditure is shown below.

	2013-14	2014-15
	£000	£000
Funding provided		
Council	1,147	1,147
CCG	1,147	1,147
	2,294	**2,294**
Expenditure	2,566	2,977
Net overspend	**272**	**683**
Council share of the net overspend arising on the pooled budget	272	683

In 2014-15 there was an agreement between the Council and the CCG that any overspend on the pooled budget would be met by the Council.

Note 29. Termination Benefits

In 2014-15 the Council incurred voluntary and compulsory redundancy costs of £0.847m (£0.390m in 2013-14) together with £3.255m (£1.036m in 2013-14) 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 for 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 6,101 participating employers in 2013-14, including 174 local authorities, and, consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total expected contributions into the Teachers' Pension Scheme during the year ending 31 March 2015, the Council's own contributions equate to approximately 0.34%.

In 2014-15, the Council paid £19.518m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2013-14 were £20.326m and 14.1%. There were contributions remaining payable at the year-end of £1.617m. The contributions due to be paid in the next financial year are estimated to be £19.518m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 31.

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

A number of Council employees are also members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department for Health (DoH). 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 9,265 participating employers as at 31 March 2014, including 137 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 2015, the Council's own contributions equate to approximately 0.002%.

In 2014-15, the Council paid £0.217m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14% of pensionable pay. The figures for 2013-14 were £0.242m and 14%. There were contributions remaining payable at the year-end of £0.027m. The contributions due to be paid in the next financial year are estimated to be £0.222m.

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 28.

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:

- 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 defined benefit final salary scheme, meaning 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 2013 for the three years 1 April 2014 to 31 March 2017. 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 2014-15 in respect of Bradford members of the West Yorkshire Pension Fund was 14.2%.

- 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 two bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the 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	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£000	£000	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
• Current service cost*	55,676	48,317	0	0	0	0	55,676	48,317
• Past service costs	659	3,118	0	0	0	0	659	3,118
• Gain (-) / loss from settlements	-7,163	0	0	0	0	0	-7,163	0
Financing and Investment Income and Expenditure								
• Net interest expense	28,697	19,583	2,137	2,092	3,608	3,580	34,442	25,255
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	**77,869**	**71,018**	**2,137**	**2,092**	**3,608**	**3,580**	**83,614**	**76,690**
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)	-19,442	-117,437	0	0	0	0	-19,442	-117,437
• Actuarial gains (-) and losses arising on changes in demographic assumptions	-35,355	0	1,686	0	3,009	0	-30,660	0
• Actuarial gains (-) and losses arising on changes in financial assumptions	-128,173	211,255	-2,565	3,313	-4,553	5,676	-135,291	220,244
• Actuarial gains (-) and losses due to liability experience	-50,407	-12,336	49	-490	1,080	-840	-49,278	-13,666
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**-155,508**	**152,500**	**1,307**	**4,915**	**3,144**	**8,416**	**-151,057**	**165,831**
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	-77,869	-71,018	-2,137	-2092	-3,608	-3,580	-83,614	-76,690
Actual amount charged against the General Fund balance for pensions in the year:								
• Employers' contributions payable to the scheme	**40,657**	**35,331**	**0**	**0**	**0**	**0**	**40,657**	**35,331**
• Retirement benefits payable to pensioners	**0**	**0**	**3,607**	**3,633**	**5,883**	**5,954**	**9,490**	**9,587**

* The current service cost includes an allowance for the administration expenses of £0.682m in 2014-15 (£0.668m in 2013-14).

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total Per Balance sheet	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	2,055,667	2,340,922	51,611	52,893	88,178	90,640	2,195,456	2,484,455
Fair value of plan assets	1,582,770	1,750,856	0	0	0	0	1,582,770	1,750,856
Impact of Minimum Funding Requirement / Asset Ceiling	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation - Closing balance at 31 March	**472,897**	**590,066**	**51,611**	**52,893**	**88,178**	**90,640**	**612,686**	**733,599**

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	**1,517,473**	**1,582,770**	**0**	**0**	**0**	**0**	**1,517,473**	**1,582,770**
Interest income on assets	66,516	67,711	0	0	0	0	66,516	67,711
Re-measurement gains and losses (-) on assets	19,442	117,437	0	0	0	0	19,442	117,437
Contributions from employer	40,657	35,331	3,607	3,633	5,883	5,954	50,147	44,918
Contributions from employees into the scheme	14,243	14,341	0	0	0	0	14,243	14,341
Benefits paid*	-60,566	-66,734	-3,607	-3,633	-5,883	-5,954	-70,056	-76,321
Settlements	-14,995	0	0	0	0	0	-14,995	0
Closing balance at 31 March	**1,582,770**	**1,750,856**	**0**	**0**	**0**	**0**	**1,582,770**	**1,750,856**

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

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Local Government Pension Scheme Discretionary Benefits		Unfunded Liabilities: Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	**2,186,535**	**2,055,667**	**53,911**	**51,611**	**90,917**	**88,178**	**2,331,363**	**2,195,456**
Current service cost	55,676	48,317	0	0	0	0	55,676	48,317
Interest cost	95,213	87,294	2,137	2,092	3,608	3,580	100,958	92,966
Contributions from scheme participants	14,243	14,341	0	0	0	0	14,243	14,341
Re-measurement gains (-) and losses:								
Actuarial gains (-) and losses arising from changes in demographic assumptions	-35,355	0	1,686	0	3,009	0	-30,660	0
Actuarial gains (-) and losses arising from changes in financial assumptions	-128,173	211,255	-2,565	3,313	-4,553	5,676	-135,291	220,244
Actuarial gains (-) and losses due to liability experience	-50,407	-12,336	49	-490	1,080	-840	-49,278	-13,666
Past service costs	659	3,118	0	0	0	0	659	3,118
Benefits paid	-60,566	-66,734	-3,607	-3,633	-5,883	-5,954	-70,056	-76,321
Liabilities extinguished on settlements	-22,158	0	0	0	0	0	-22,158	0
Closing balance at 31 March	**2,055,667**	**2,340,922**	**51,611**	**52,893**	**88,178**	**90,640**	**2,195,456**	**2,484,455**

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

Active Members	39%
Deferred Pensioners	14%
Pensioners	47%

Local Government Pension Scheme Assets

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

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

Asset Category	31 March 2014	31 March 2014	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015
	£000	%	£000	%	£000	%	£000	%
	Total	Total	Quoted	Quoted	Unquoted	Unquoted	Total	Total
Equity investments	1,191,826	75.3	1,223,848	69.9	110,304	6.3	1,334,152	76.2
Government bonds	166,191	10.5	185,591	10.6	0	0	185,591	10.6
Other bonds	85,469	5.4	82,290	4.7	0	0	82,290	4.7
Cash	49,066	3.1	33,266	1.9	0	0	33,266	1.9
Property	50,649	3.2	75,287	4.3	0	0	75,287	4.3
Other assets	39,569	2.5	0	0	40,270	2.3	40,270	2.3
Total	**1,582,770**	**100**	**1,600,282**	**91.4**	**150,574**	**8.6**	**1,750,856**	**100**

For a disaggregation of the fair value of the plan assets into classes that distinguish the nature and risks of those assets, please refer to:

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

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2013. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits	
	31 March 2014	**31 March 2015**	**31 March 2014**	**31 March 2015**	**31 March 2014**	**31 March 2015**
Mortality Assumptions					years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	22.5	22.6	22.5	22.6	22.5	22.6
Women	25.4	25.5	25.4	25.5	25.4	25.5
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	24.7	24.8	-	-	-	-
Women	27.7	27.8	-	-	-	-
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.	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 RPI inflation	3.4	2.9	3.2	2.9	3.2	2.9
Rate of CPI Inflation	2.4	1.8	2.2	1.8	2.2	1.8
Rate of increase in salaries	3.9	3.3	-	-	-	-
Rate of increase in pensions	2.4	1.8	2.2	1.8	2.2	1.8
Discount rate	4.3	3.2	4.2	3.1	4.2	3.1

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

Impact on the Defined Benefit Obligation in the Scheme

	Present Value of the Defined Benefit Obligation After Increase in Assumption	Change in Present Value of Defined Benefit Obligation	Present Value of Defined Obligation Benefit After Decrease in Assumption	Change in Present Value of Defined Benefit Obligation
	£000	%	£000	%
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,278,835	-2.7	2,403,010	2.7
Rate of increase in salaries - increase or decrease by 0.1%	2,352,574	0.5	2,329,403	-0.5
Rate of increase in pensions - increase or decrease by 0.1%	2,374,029	1.4	2,308,316	-1.4
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,298,342	-1.8	2,384,291	1.9

* 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 2016.

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 2016 are £33.344m.

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 2016 are £3.677m and £6.025m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 18.4 years at 31 March 2015 (18.4 years at 31 March 2014).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits & Teachers Voluntary Early Retirement Discretionary Benefits is 12 years at 31 March 2015 (12 years at 31 March 2014).

Note 32. Members' Allowances

- The total cost to the Council in respect of Members' allowances in 2014-15 was £2,002,940 and £10,923 expenses (£2,038,894 and £27,881 expenses in 2013-14). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2014-15 was £1,870,528 and £10,923 expenses (£1,908,946 and £27,881 expenses in 2013-14)

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 2013-14	Employees Emoluments	Number of Employees 2014-15
133	£50,000 - £54,999	151
108	£55,000 - £59,999	124
66	£60,000 - £64,999	58
52	£65,000 - £69,999	65
26	£70,000 - £74,999	28
25	£75,000 - £79,999	25
12	£80,000 - £84,999	14
12	£85,000 - £89,999	10
8	£90,000 - £94,999	5
2	£95,000 - £99,999	4
1	£100,000 - £104,999	1
1	£105,000 - £109,999	1
1	£110,000 - £114,999	0
0	£115,000 - £119,999	0
1	£120,000 - £124,999	2
1	£125,000 - £129,999	1
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	1
449	Total	490

The above figures include 396 teachers (357 in 2013-14).

The above table does not include the employees shown in the Senior Officers Remuneration note below.

Senior Officers Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year.

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

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) The head of staff for a relevant body which does not have a designated head of paid service; or
c) 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.

2014-15 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)

Post Title	Note	Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Strategic Director Adult & Community Services	F	113,379	0	0	0	113,379	16,101	129,480
Strategic Director – Children's Services	I	135,899	0	0	0	135,899	19,298	155,197
Interim Head of Human Resources	D	69,885	0	49,329	0	119,214	9,924	129,138
Director of Human Resources	D	22,187	0	0	0	22,187	3,150	25,337
Strategic Director Environment & Sport	E2	108,299	0	0	0	108,299	15,378	123,677
Strategic Director - Regeneration and Culture	E2	108,171	0	0	0	108,171	15,360	123,531
City Solicitor	E	61,262	0	0	0	61,262	8,699	69,961
Acting City Solicitor	C	37,629	0	0	0	37,629	5,343	42,972
Director of Finance		110,000	0	0	0	110,000	15,620	125,620
Director of Public Health		104,410	0	0	0	104,410	14,617	119,027
Director of West Yorkshire Pension Fund		94,961	0	0	0	94,961	13,484	108,445

2013-14 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)

Post Title	Note	Salary including fees & Allowances	Expense Allowances	Comp'n for loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Strategic Director Adult & Community Services	F	111,283	0	0	0	111,283	16,692	127,975
(Previous) Strategic Director – Business Support	G	34,663	603	56,375	0	91,641	12,530	104,171
(Previous) Strategic Director – Children's Services	H	136,647	1,136	0	0	137,783	20,472	158,255
(New) Strategic Director – Children's Services	I	5,452	0	0	0	5,452	818	6,270
Interim Head of Human Resources	J	82,922	1,145	0	0	84,067	12,438	96,505
(Previous) Strategic Director - Environment & Sport	K	107,784	1,136	0	0	108,920	16,168	125,088
(New) Interim Strategic Director Environment & Sport	L	8,782	103	0	0	8,885	1,318	10,203
(Previous) Strategic Director - Regeneration and Culture	M	115,020	1,216	0	0	116,236	17,358	133,594
(New) Interim Strategic Director Regeneration and Culture	N	2,106	25	0	0	2,131	402	2,533
City Solicitor	E	94,488	1,239	0	0	95,727	14,173	109,900
Director of Finance		110,000	1,239	0	0	111,239	16,500	127,739
Director of Public Health	O	104,410	190	0	0	104,600	14,617	119,217
Director of West Yorkshire Pension Fund		94,488	1,239	0	0	95,727	14,173	109,900

Senior Officers' Remuneration

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

2014-15 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)

Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Chief Executive - Tony Reeves	E, B	117,815	0	0	0	117,815	16,730	134,545
Acting Chief Executive – Suzan Hemingway	B, C	74,365	0	0	0	74,365	10,560	84,925

2013-14 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)

Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Chief Executive - Tony Reeves	E	178,476	1,239	0	0	179,715	26,771	206,486

Notes:

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

<u>Annualised Salary for 2014-15</u>

Chief Executive – Tony Reeves - £178,476
Acting Chief Executive – Suzan Hemingway - £178,476
Director of Finance - £110,000
Strategic Director Children's Services – £136,480
Strategic Director Adult and Community Services – £113,384
Strategic Director Regeneration and Culture – £ 109,186
Strategic Director Environment and Sport – £109,186
City Solicitor – £96,378
Acting City Solicitor - £91,023
Director West Yorkshire Pension Fund – £96,378
Director of Public Health - £ 99,910
Head of Human Resources - £91,023
Director of Human Resources - £94,591

<u>Annualised Salary for 2013-14</u>

Chief Executive – Tony Reeves - £178,476
Director of Finance - £110,000
Strategic Director Business Support - £117,583 (as at 25 September 2013)
Strategic Director Children's Services – £136,480
Strategic Director Children's Services - £135,221
Strategic Director Adult and Community Services – (£87,139 as at 5 May 2013 as Interim Strategic Director; £111,283 as at 6 May 2013 as Strategic Director)
Strategic Director Regeneration and Culture – £117,583
Interim Strategic Director Regeneration and Culture - £107,086
Strategic Director Environment and Sport – £115,486
Interim Strategic Director Environment and Sport – £107,086
City Solicitor – £94,488
Director West Yorkshire Pension Fund – £94,488
Director of Health - £99,910
Interim Head of Human Resources - £89,238

B The Chief Executive, Tony Reeves, left the employment of the Council on 31 October 2014; the Acting Chief Executive started on 1 November 2014 and was previously the City Solicitor for the Council.

C The Acting City Solicitor started the role on 1 November 2014; the City Solicitor became the Acting Chief Executive on 1 November 2014, see B above.

D The Director of Human Resources started on 5 January 2015; the Interim Head of Human Resources' final day as a member of the Corporate Management Team was 4 January 2015.

E The following amounts were paid in 2014-15 for election duties and are included in salaries.
Chief Executive – Tony Reeves- £13,704 (£0 2013-14)
City Solicitor - £6,144 (£0 2013-14)

E2 The Interim Strategic Director of Regeneration and Culture became the Strategic Director of Regeneration and Culture on 22 October 2014. Similarly the Interim Strategic Director of Environment and Sport became the Strategic Director of Environment and Sport on 22 October 2014. The postholder was the same person in both cases. Because of this and also that the changes to the terms and conditions of the posts was insignificant, the remuneration shown for the interim and permanent posts have been combined, in each case.

Notes relating to Senior Officers Remuneration 2013-14 only below:

F The Strategic Director Adult & Community Services at the end of 2013-14 is the same person in the role of Interim Strategic Director Adult & Community Services in the 2012-13 financial year. On 5 May 2013, the Interim Strategic Director was appointed Strategic Director.

G The Strategic Director Business Support left the employment of the Council on 25 September 2013. This post was deleted as part of the top management restructure. Regarding this post, during the 2013-14 financial year, the net Salary, including Fees and Allowances, incurred by CBMDC was £34,663. This £34,663 cost is net of funding of £22,495 received by the City of York Council as part of a secondment by the postholder.

H The Strategic Director Children's Services left the employment of the Council on 31 March 2014 and was therefore in post for the whole of the 2013-14 financial year.

I The new Strategic Director of Children's Services started in the post on 17 March 2014. The crossover period with the previous Strategic Director of Children's Services covered a period of leave taken by the previous Strategic Director.

J The Interim Head of Human Resources was appointed to this role on 29 April 2013 and at this point became a member of the Corporate Management Team. The salary cost shown relates to 29 April 2013 to 31 March 2014.

K The Strategic Director of Environment and Sport left the employment of the Council on 28 February 2014.

L The Interim Strategic Director of Environment and Sport started in the post on 1 March 2014 and therefore has performed this role for one month during the 2013-14 financial year.

M The Strategic Director Regeneration and Culture left the employment of the Council on 24 March 2014.

N The new Interim Strategic Director of Regeneration and Culture started in the post on 25 March 2014.

O The Director of Public Health joined the Council on 1 April 2013 as part of the transfer of Public Health to the remit of the Council at the start of the 2013-14 financial year.

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 2013-14	**Cost to Council 2013-14**	**Cost Bandings**	**Number of Exit Packages 2014-15**	**Cost to Council 2014-15**
	£			**£**
9	31,761	£0 - £19,999	29	136,861
2	49,341	£20,000 - £39,999	2	54,987
0	0	£40,000 - £59,999	0	0
0	0	£60,000 - £79,999	1	67,533
0	0	£80,000 - £99,999	1	92,356
0	0	£100,000 - £149,999	0	0
0	0	£150,000 - £199,000	0	0
11	**81,102**	**Total**	**33**	**351,737**

Other Departures				
Number of Exit Packages 2013-14	**Cost to Council 2013-14**	**Cost Bandings**	**Number of Exit Packages 2014-15**	**Cost to Council 2014-15**
	£			**£**
70	409,440	£0 - £19,999	107	878,746
10	286,231	£20,000 - £39,999	28	822,809
9	445,781	£40,000 - £59,999	15	737,618
2	132,067	£60,000 - £79,999	7	492,221
0	0	£80,000 - £99,999	12	1,080,320
1	117,834	£100,000 - £149,999	6	767,566
1	150,955	£150,000 - £199,000	0	0
93	**1,542,308**	**Total**	**175**	**4,779,280**

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 fixed 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.

In their place, the Council is required to make a statutory minimum revenue provision for the repayment of debt. The Council has based the 2014-15 statutory general fund minimum revenue provision on 4% of the opening capital financing requirement for supported borrowing and on the asset life method for unsupported borrowing.

The MRP for 2014-15 is £32.045m (2013-14 £29.323m).

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 £10.209m in 2014-15 (£8.946m in 2013-14) 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 £7.884m in 2014-15 is made up of £13.151m from the de-recognition of assets and £5.267m in capital receipts. There is a loss on disposal in 2014-15 largely because of the 2 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 Industrial Units, vehicles, 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 2014	Finance Leases as Lessee	31 March 2015
£000		£000
145	Other land and Buildings	121
804	Vehicles, Plant, Furniture and Equipment	781
949	**Total**	**902**

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 2014	**Finance Lease liabilities** (net present value of minimum lease payments)	31 March 2015
£000		£000
248	Current	274
684	Non-current	587
200	Finance costs payable in future years	148
1,132	**Total Minimum Lease Payments**	**1,009**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	314	330	248	274
Later than one year and not later than five years	765	679	637	587
Later than five years	53	0	47	0
	1,132	**1,009**	**932**	**861**

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 Council has sub-let some of the Industrial Units held under the finance lease. As at the 31 March 2015 the forecast rental income for 2015-16 is £100,000.

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 2014-15 was £2.3m (£2.9m 2013-14).

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

31 March 2014 £000		31 March 2015 £000
1,986	Not later than one year	1,901
4,475	Later than one year and not later than five years	4,653
4,239	Later than five years	3,278
10,700	**Total**	**9,832**

Council as Lessor

Finance Leases

The Council has leased out two properties respectively for 999 and 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 2014 £000	Finance lease debtor (net present value of minimum lease payments)	31 March 2015 £000
1	Current	2
224	Non-current	221
2,711	Unearned finance income	2,674
2,936	**Gross Investment in the Lease**	**2,897**

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 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	38	38	38	38
Later than one year and not later than five years	142	129	142	129
Later than five years	2,756	2,730	2,756	2,730
	2,936	**2,897**	**2,936**	**2,897**

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

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

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.
- 3 academy schools that are on short-term 6 year leases

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

31 March 2014 £000		31 March 2015 £000
2,129	Not later than one year	2,449
4,349	Later than one year and not later than five years	4,945

62,258	Later than five years	67,571
68,736	**Total**	**74,965**

The minimum leases payments receivable do not include rents that are contingent on events after the lease was entered into, such as income based on a percentage of income receipts. In 2014-15 £0.573m contingent rents were receivable by the Council (2013-14 £0.632m).

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.

2013-14 £000	**BSF Private Financing Initiative**	**2014-15 £000**
	Charges to Net Cost of Services	
4,133	Unitary Payments to the Contractor for services provided	4,015
4,133	**Total charges to the revenue account**	**4,015**
	Net Operating Expenditure	
6,465	Interest element of finance lease payments	6,691
	Movement in Reserves Statement	
1,341	Capital element of finance lease	2,201
11,939	**Total PFI charges**	**12,907**
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,493	Education	4,164
13,498	**Total Financing**	**13,169**
1,559	**Transfer to BSF PFI Reserve**	**262**

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 Trusts. 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 2015 are as follows:

Year	**Unitary Charge £000**	**Principal £000**	**Interest £000**	**Service charge and life cycle costs £000**
Within 1 year	11,766	2,362	6,392	3,012
2-5	48,292	9,990	23,746	14,556
6-10	63,373	15,207	24,171	23,995
11-15	67,125	23,281	17,323	26,521
16-20	47,802	22,554	6,148	19,100
Total	**238,358**	**73,394**	**77,780**	**87,184**

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:

2013-14 £000	**Analysis of Outstanding Liability for BSF Phase 1**	**2014-15 £000**
76,936	**Balance outstanding at 31 March**	**75,595**
-1,341	Payments during the year	-2,201

75,595	**Balance outstanding at year end**	**73,394**

The closing value of assets held under the scheme at 31 March 2015 was £20.099m (£20.517m 31 March 2014) 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 2015 were £73.394m (£75.595m at 31 March 2014). The decrease of £2.201m 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.

2013-14 £000	**BSF Private Financing Initiative**	**2014-15 £000**
	Charges to the Revenue Account	
8,804	Unitary Payments to the Contractor for services provided	8,350
8,804	**Total charges to the revenue account**	**8,350**
	Net Operating Expenditure	
12,300	Interest element of finance lease payments	12,335
	Statement of Movement on the General Fund Balance	
4,996	Capital element of finance lease	5,793
26,100	**Total PFI charges**	**26,478**
	Financed By	
18,296	Government PFI Revenue Grant	18,296
8,013	Education	8,398
26,309	**Total Financing**	**26,694**
209	**Transfer to BSF PFI Reserve**	**216**

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	24,652	5,923	11,765	6,964
2-5	101,024	22,503	45,583	32,938
6-10	132,178	26,474	53,440	52,264
11-15	139,536	31,366	49,559	58,611
16-20	147,860	35,338	41,112	71,410
21-25	29,301	7,520	7,070	14,711
Total	**574,551**	**129,124**	**208,529**	**236,898**

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

2013-14 £000	**Analysis of Outstanding Liability for BSF Phase 2**	**2014-15 £000**
139,913	**Balance outstanding at 31 March**	**134,917**
-4,996	Payments during the year	-5,793
0	Capital Expenditure incurred in the year	0
134,917	**Balance outstanding at year end**	**129,124**

The closing value of assets held under the scheme at 31 March 2015 was £40.840m (£41.635m £2013-14) 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, one Special School and one Academy on a short term 6 year lease. The 2013-14 value has been restated to include the Foundation School. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2015 were £129.124m (£134.917m 31 March 2014).

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 £60.939m, per Note 9 page 3 and the total liabilities are £202.518m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £141.579m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 3, by £141.579m.

Note 37. Capital Expenditure and Financing

The Capital Financing Requirement is shown below:

2013-14 £000		2014-15 £000
	Capital Expenditure and Capital Financing Requirement	
689,319	**Opening Capital Financing Requirement**	**687,905**
	Capital investment	
75,753	Property, Plant and Equipment	94,802
-645	Aborted cost on prior year capital expenditure	0
309	Investment properties	0
1,787	Intangible Assets	487
86	Heritage Assets	902
14,213	Revenue Expenditure funded from Capital under statute	18,560
	Sources of Finance	
-4,919	Capital Receipts Applied	-4,392
-49,730	Government grants and other contributions	-76,031
-8,946	Sums set aside from revenue	-10,209
0	Donated assets	-900
-6,748	Repayment of Principal on PFI and Other Finance Leases	-8,277
-22,374	MRP/loans fund principal	-23,574
0	Miscellaneous other	0
-200	Payments of Principal on Long-Term Debtors	-2
687,905	**Closing Capital Financing Requirement**	**679,271**
	Explanation of movements in year	
-1,885	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	-8,846
471	Assets acquired under finance leases	212
0	Assets acquired under PFI contracts	0
-1,414	**Increase/ (decrease) in Capital Financing Requirement**	**-8,634**

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.

There was no balance brought forward at the start of the year. The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £18.560m (£12.462m in 2013-14). Grants of £11.776m funded this in year REFCUS expenditure (£10.472m in 2013-14), including £3.189m transferred from the Capital Grants Unapplied reserve (£8.496m in 2013-14).

Note 39. Other Long Term Liabilities

The total deferred liabilities at 31 March 2015 are £933.203m compared to a total of £820.849m at 31 March 2014. The main liability is in respect of the actuarially calculated pension liability which is £120.913m higher at 31 March 2015 when compared to 31 March 2014.

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 2015 was £202.5m (£210.5m at 31 March 2014), of which £194.233m is a deferred liability and £8.285m a creditor in respect of the 2014-15 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 2015 was £4.255m (£4.432m at 31 March 2014).

The smaller 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.

2013-14 £000	Other Long Term Liabilities	2014-15 £000
612,686	Pension Liability	733,599
	BSF	
73,394	Phase 1	71,032
129,124	Phase 2	123,201
4,432	Waste Management Joint Committee Debt	4,255
1,214	Other	1,116
820,850		**933,203**

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £194,233. As with all the Long-Term liabilities and current liabilities, the liability of £194.233m 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 £18.296m for Phase 2, totalling £27,301, see Note 45, page 3. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 40. Deferred Income

This is income due from Wakefield Metropolitan District Council in respect of the former West Yorkshire Waste Management arrangements. Under an agreement that started in 2000-01, the balance due is being repaid at £100,000 per annum over 15 years. The balance has now been repaid in full and the sum outstanding at 31 March 2015 was £0 (£100,544 at 31 March 2014).

Note 41. Related Party Transactions

The Council has the following Related Party disclosures in relation to the following entities:

West Yorkshire Joint Committee - The West Yorkshire Joint Committee comprises the Councils of Bradford, Leeds, Calderdale, Kirklees and Wakefield. Its services include the Archaeology Advisory Service, Archaeological Services, Archive Service, Ecology, Materials Testing Service, Analytical Services and Trading Standards Service. It has been set-up as a partnership. The Council's share of its expenses is included below in this note, see Other Public Bodies.

Bradford Council makes an annual financial contribution to the West Yorkshire Joint Committee, based on its share of the service cost, and is represented on the management board. All the financial contributions are made on an annual basis. The Board manages the financial position and financial performance of the Joint Committee.

For 2014-15, the West Yorkshire Joint Committee has prepared and audited separate accounts, under the Audit Commission Act 1998. However, this is the last financial year, when this will be required by statute.

Combined Authority - The Combined Authority comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield and includes York as an associate. It was set up by the West Yorkshire Combined Authority 2014. The Leader of Bradford Council is a member of the Combined Authority. The West Yorkshire Transport Fund has become a committee of the Combined Authority during 2014-15; Bradford's share of expenditure of this is shown separately below in this note, see Other Public Bodies.

In future years, it is anticipated that the Combined Authority will receive capital grants, which will be spend on transport infrastructure projects across West Yorkshire.

The 2014-15 financial year is the first year of operation. The value of its financial transactions is expected to expand in future years.

Leeds City Region - The Leeds City Region comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York, Barnsley, Harrogate, Craven, Selby and North Yorkshire. It was set-up by a partnership agreement. The organisation accounts for grants held for the purpose of capital investment projects across the West Yorkshire Region.

From 1 April 2015, the Leeds City Region will be wound up and subsumed within the Combined Authority.

While the Leeds City Region holds significant capital grants, the cash flows are managed by Leeds City Council and a separate statement of accounts prepared. The accounts are subject to audit.

Business Rates Pool - The Business Rates Pool comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. Councils now receive a 49% share of Business Rates, replacing direct government funding. The Pool redistributes levy income that would otherwise be paid over to Central Government.

In 2014-15, Bradford Council received a repayment from the Pool of £0.127m

Revolving Infrastructure Investment Fund - This fund is a Limited Liability Partnership comprising the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. It has been set up with the purpose of giving loans for infrastructure development across West Yorkshire. No loans have been agreed to date.

The Council has the following Related Party Disclosures:

Authorities are required to disclose transactions between themselves and related parties. In this context related parties are individuals or bodies which have the potential to influence or control the Council or to be influenced or controlled by the Council. The following information is provided.

Central Government

The UK Government provides the statutory framework within which the Council operates, provides the majority of Council funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties. Details of Government grants for revenue purposes are set out in Note 45 which identifies the cash grants received in the year for inclusion in the Cash Flow Statement (page 3).

Members

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

The Council's Leader is a member of the West Yorkshire Combined Authority. The Council contributed £23.854m in revenue funding to the Transport Committee of the West Yorkshire Combined Authority in 2014-15 and received from the Committee a capital grant of £7.208m, see Other Public Bodies below.

The Council's Deputy Leader and Portfolio Holder for Housing, Planning and Transport is also the Council appointed chair of West Yorkshire Joint Services, Archives, Archaeology and Trading Standards Committee. The Council contributed £1.094m revenue funding towards West Yorkshire Joint Services in 2014-15. The Employees' Remuneration Note 33 can be viewed on p3.

The register of Members' interests is held by the Member Support Section within City Hall, Bradford and is available for public inspection as required by the code of conduct adopted by the Council in accordance with section 51 of the Local Government Act 2000 and the Local Authority (Model Code of Conduct) (England) Regulations 2001, made under section 50 of that Act. Chief Officers were requested to complete a voluntary declaration of any relevant transactions with the Council or between the Council and third parties with which they have some relationship. This resulted in there being no other material transactions to disclose. The Members' Allowances Note 32 can be viewed on p3.

Chief Officers

The Pension Fund has an investment in Montanaro European Smaller Companies Fund Plc, which at 31 March 2015 was valued at £19.2m, which has an original cost of £4.9m. There has been no investment activity with the Fund during 2014-15. The Director of West Yorkshire Pension Fund is a non-executive director of Montanaro European Smaller Companies Fund Plc, for which a fee is received.

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2014-15 it charged the Fund £0.606m in respect of support services provided (£0.597m in 2013-14). The charge includes accommodation, financial, legal and IT services.

Other Public Bodies

Revenue transactions with precepting authorities, joint committees and other related bodies in the year were:

2013-14 £000	Other Public Bodies	2014-15 £000
	Payment of precepts	
7,105	West Yorkshire Fire and Rescue Authority	7,300
16,773	Police and Crime Commissioner West Yorkshire	17,575
1,053	Parish Councils	1,204
24,986	Payments to joint committees, joint services and other bodies	*25,633
94	Parish Councils (running expenses and allotment grants)	19

*Includes a revenue contribution of £23.854m to the Transport Committee of the West Yorkshire Combined Authority. In addition, the Council received a £7.208m (£10.204m in 2013-14) capital grant payment from the same Committee.

Subsidiary and Associated Companies

The Council had financial relationships in 2014-15 with the following companies. Their assets and liabilities are not included in the Council's accounts. Transactions with the companies in 2014-15 were:

2013-14 £000	Subsidiary and Associated Companies	2014-15 £000
197	Building Schools for the Future Ltd Phase 2	194
89	Building Schools for the Future Ltd Phase 1	85
1	Integrated Bradford LEP Ltd	1

Details of the Council's long term investment in Integrated Bradford LEP Ltd, is shown in Note 16 on Long Term Investment

In 2014-15 the Council received a £0m interim dividend from our 10% investment in Integrated Bradford LEP (£0.04m 2013-14)

CBMDC Building Schools for the Future Ltd, (6015434) is a wholly owned subsidiary of Bradford Council. It was incorporated on 30 November 2006 with the sole purpose to loan on a back to back basis £94,080 to Integrated Bradford LEP Fin co One Ltd (5797779). The company's financial accounts are available from Financial Services, Britannia House, Hall Ings Bradford BD1 1HX. In 2009-10 a further loan of £213,000 for Phase 2 was made to Integrated Bradford LEP Fin co One Ltd (5797779). In addition, the Bradford District Apprenticeship Training Agency (8424557) was incorporated on 28 February 2013. However, as at 31 March 2015, there is no material activity.

In addition to the above, the Council is involved in a number of other partnerships and companies limited by guarantee. The Council does not have significant influence over these organisations.

Joint Arrangements

The Council has identified that it is involved in 8 (8 in 2013-14) Joint Arrangements. One of these is the Yorkshire Purchasing Organisation.

The remaining 7 Joint Arrangements are known collectively as the West Yorkshire Services Committee. Individually these comprise: West Yorkshire Archaeology Advisory Service, Archaeological Service, West Yorkshire Archive Service, West Yorkshire Ecology, West Yorkshire Materials Testing Service, West Yorkshire Public Analyst, West Yorkshire Public Analyst and West Yorkshire Trading Standards, Yorkshire Purchasing Organisation. In 2014-15 the Council included its contribution of

£1.094m to these arrangements (£1.2m in 2013-14) in the Comprehensive Income & Expenditure Statement but has not included its share of the assets and liabilities on the grounds of non-materiality.

The Council had no significant balances outstanding at year end with related parties.

Note 42. External Audit Costs

Fees payable to the Council's external auditors under the Audit Commission Act 1998 for services carried out, including the audit of the West Yorkshire Pension Fund, were:

2013-14 £000	External Audit Costs	2014-15 £000
246	External audit services	246
22	Certification of grant claims and returns	26
48	West Yorkshire Pension Fund	48
5	Fees for other services	5
321	**Total**	**325**

The Council received a rebate of £35k for 2013-14. No rebate was due for 2014-15

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).

New disclosure requirements in 2014-15 require the Council to show any in year DSG adjustments made by the DfE.

Bradford was allocated £471.786m, see the table below:

Dedicated Schools Grant	**2013-14** Total Restated £000	**2013-14** Central Expenditure £000	**2013-14** Individual Schools Budget (ISB) Restated £000	**2014-15** Total £000	**2014-15** Central Expenditure £000	**2014-15** Individual Schools Budget (ISB) £000
Final DSG before Academy Recoupment	459,765			471,786		
Academy Recoupment	-64,299			-83,332		
Total DSG after Academy Recoupment	**395,466**			***388,454**		
Plus DSG b/f from previous year	4,043			5,485		
DSG carry forward to following year agreed in advance	-3,000			0		
Agreed Budget Distribution	**396,509**	**22,783**	**373,725**	**393,939**	**21,501**	**372,438**
In Year Adjustments	*309		**310**	-163	0	-163
Final Budgeted Distribution	**396,818**	**22,783**	**374,035**	**393,776**	**21,501**	**372,275**
Less Actual ISB deployed to schools	373,242	0	373,242	372,438	0	372,438
Less Actual Central Expenditure	20,781	20,781	0	16,344	16,344	0
Carry Forward	**2,795**	**2,002**	**793**	**4,994**	**5,157**	**-163**
Carry Forward agreed in Advance	**3,000**	0	0	0	0	0
Total Carry Forward	**5,795**			4,994	0	0

*The DSG after Academy Recoupment of £388.454m and the previous year in year adjustment of £0.309m, total £388.763m, per the amount shown for the DSG in Note 45, page 3

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.

Equal Pay Claims

Single Status is the process of job evaluation and harmonisation of former officer and manual worker terms and conditions, which dates from the 1997 Single Status agreement. In 2005-06 the Council estimated the costs at £13m and capitalised these under direction from the Secretary of State under Section 16 (2) (b) of the Local Government Action 2003. A further £14m was added to this provision in 2007-08, with further additions in 2008-09 and 2009-10. A contingent liability is needed for unexpected consequences of the equal pay legislation. (Please also see Provisions, Note 20, p3.)

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 recent 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%, and the Council paid £455k out of the opening provision for this amount. However, the scheme administrator has indicated that there is a risk that the levy rate is increased.

Partnership Organisation

The Council has given notice to withdraw from a partnership organisation. Depending on arrangements made for the Partnership's Pension Fund, this decision to withdraw could rise to an additional pension liability of £212,000, which will be subsumed into the Council's overall pension liability.

Pension Fund Guarantees

The Council has agreed, subject to limitations, to guarantee the pension fund deficit of various bodies. Based on the 2013 actuarial valuations, there is no overall net liability to the Council, although it is recognised that in the future this position could change.

PFI BSF Phase 1 Asbestos Compensation Claim

The main contractor responsible for delivery of the PFI BSF Phase 1 scheme has claimed for compensation for extra costs incurred in dealing with asbestos during construction of the scheme. The potential liability is being considered by the Council's legal and technical advisers for the scheme.

Search Fees

An amount of £0.159m is set aside within provisions for refund of search fees. The City of Bradford Metropolitan District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim plus interest and costs. A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present to cover refunds of search fees charged by the Council since January 2005. (Please also see Provisions, Note 20, p3.)

Employment Tribunal

A non binding Employment Tribunal decision may impact on holiday entitlement, though the backdated impact is limited. A limited liability may therefore arise, although it is not thought likely that the impact will be significant.

Contingent Assets

The Council has an outstanding VAT claim with HM Revenue and Customs for £0.02m, as well as a number of other VAT claims.

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 2014-15:

	2013-14 £000	2014-15 £000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	395,466	388,763
Rent Allowance Subsidy	178,429	177,864
Public Health	31,545	34,699
Pupil Premium	22,200	28,099
PFI Revenue Support	27,301	27,301
Education and Schools	23,532	25,766
Education Services	10,333	9,743
NHS Adult Social Care	8,222	10,529
Revenue Expenditure Funded from Capital under Statute (REFCUS)	1,976	8,587
Council Tax reduction & housing benefits administration	5,265	4,502
Miscellaneous under £500k	1,208	2,616
Safer Communities	1,087	2,526
Discretionary Welfare Support	2,370	2,336
Troubled Families	2,679	2,286
Regional Growth Fund	816	1,080
Contribution to cost of Business Rates collection	734	762
Youth Training	949	724
European Union	1,187	675
Adoption Grant	1,973	627
Voices	407	415
Weekly Waste Collections	0	468
Asylum accommodation	372	322
Arts, Heritage & Leisure	179	138
Personal Social Services	74	101
Total	**718,304**	**730,929**
Credited to Taxation and Non Specific grant income		
Revenue Support Grant	182,862	149,374
Top Up Grant	54,447	55,508
New Homes Bonus Grant	6,698	7,944
Small Business Rates and other Section 31 grants	3,355	6,157
Capitalisation Redistribution	964	0
Local Services Support Grant	350	289
Academy Refund	255	0
Total	**248,931**	**219,272**

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:

	2013-14 £000	2014-15 £000
Capital Grants Receipts in Advance		
Developer's contributions	4,995	6,363
Total (See Balance Sheet p3)	**4,995**	**6,363**

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 Intangible Assets

There were no impairment losses during the year.

Note 47 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.

With effect from 1 April 2007 local authorities were required to adopt the accounting standards for financial instruments IAS 32, IAS 39 and IFRS 7. This means that most financial instruments (whether borrowing or investments) have to be valued in the Balance Sheet on an amortised cost basis using the effective interest rate (EIR) method.

In addition to help identify, quantify and inform on the exposure to and management of risk, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In the following tables and notes the significance of financial instruments for the Council's financial position and performance will be explained.

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

Types of Financial Instruments

The financial instruments disclosed in the Balance Sheet are made up of the following categories.

	Long-term		Current	
	31 March 2014 £000	31 March 2015 £000	Restated 31 March 2014 £000	31 March 2015 £000
Investments				
Loans and receivables	0	0	160,428	153,036
Equity Investments	1	1	0	0
Available for sale financial assets	0	0	21,034	0
Total Investments	**1**	**1**	**181,462**	**153,036**
Debtors				
Loans and receivables	1,819	1,717	25	26
Financial assets carried at contract amounts	0	0	*39,939	34,475
Total Debtors	**1,819**	**1,717**	**39,964**	**34,501**
Borrowings				
Financial liabilities at amortised cost	390,626	336,863	51,607	63,983
Total Borrowings	**390,626**	**336,863**	**51,607**	**63,983**
Other long term liabilities				
PFI and finance lease liabilities	203,202	194,820	8,242	8,559
Total other long term liabilities	**203,202**	**194,820**	**8,242**	**8,559**
Creditors				
Financial liabilities carried at contract amounts	0	0	39,025	38,296
Total creditors	0	0	**39,025**	**38,296**

*Financial assets carried at contract amounts have been restated in 2013-14 in order to exclude Payments in Advance, which are not classified as financial instruments under accounting regulations. Previously the 2013-14 Statement of Accounts showed this amount as £53.825m, including the Payments in Advance

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 liabilities and assets carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). The fair value of a financial instrument can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.

The calculations are made with the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, the discount rate used is the PWLB rate for new borrowing.

- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

2013-14 Carrying amount	2013-14 Fair value	Fair value of liabilities carried at amortised cost at 31 March	2014-15 Carrying amount	2014-15 Fair value
£000	£000		£000	£000
368,443	431,467	PWLB Loans	342,497	439,678
43,166	41,320	LOBO's	43,152	52,905
6,790	6,790	Short term borrowing	5,849	5,849
18,611	18,611	Cash overdrawn	4,379	4,379
4,888	5,381	Other local authorities re joint services	4,619	6,158
335	335	Other	350	350
211,444	211,444	PFI and finance lease liabilities	203,379	203,379
39,025	39,025	Financial liabilities at contracted amounts	38,296	38,296
692,702	**754,373**	**Total Liabilities**	**642,521**	**750,994**

The fair value is higher 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. 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.

2013-14 Carrying amount	2013-14 Fair value	Fair value of assets carried at amortised cost at 31 March	2014-15 Carrying amount	2014-15 Fair value
£000	£000		£000	£000
59,079	59,128	Investments - Cash in hand	53,700	53,741
101,349	101,349	Investments	99,336	99,339
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
225	225	Finance leases	223	223
892	892	Car loans	678	678
354	455	Other local authorities re joint services	331	485
287	287	Building Schools for the Future Ltd	280	280
86	86	Other	231	231
39,939	39,939	Financial assets at contracted amounts	34,475	34,475
202,212	**202,362**	**Total Financial Assets**	**189,255**	**189,453**

The differences are attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

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

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

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.

2013-14 £000	Recognised gains and losses	2014-15 £000
	Recognised in the Comprehensive Income and Expenditure Statement	
	Financial assets: Loans and receivables	
-2,038	Interest income	-1,815
-2,038	**Total income in surplus or deficit on the provision of services**	**-1,815**
	Financial Liabilities measured at amortised cost	
27,861	Interest payable	26,891
18,857	Interest Payable on PFI and Finance leases	19,097
	Recognised in Other Comprehensive Income and Expenditure	
46,718	**Total expense in surplus or deficit on the provision of services**	**45,988**

Nature and extent of risks arising from financial instruments

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

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

Overall procedures for managing risks

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

The annual Treasury Management Strategy which incorporates prudential indicators was approved by Council on 25 March 2014 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 rating of AAA or Fitch AAA: Maximum Investment with any one counter party – £20 million.
4. The four main UK Banks HSBC, Lloyds, Royal Bank of Scotland and Barclays and their subsidiaries: Maximum Investment with any one counter party - £60 million.
5. 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.
6. Any Bank or Building Society with credit criteria of Moody's rating A1 or better, Fitch short term of at least F1 and a S & P short term rating of A-1or better Fitch short term rating of F1 and a S & P short term rating of A-1or better: Maximum Investment with any one counter party – £20million.
7. 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: Maximum Investment with any one counter party – £7million.

The full Investment Strategy for 2014-15 was approved by Full Council on 25 March 2014 and is available on the Council's website.

Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. A bad debt provision has been included in the accounts, to take account of the risk of non-payment (see note 15). As at 31 March 2015, the Council had a balance owing from its customers (mainly service and rent) of £43.7m (£53.8m 31 March 2014). The exposure to default has been assessed and is reflected in a bad debt (or impairment) provision of £11.6m.

A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2015 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.

The following table summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

Deposits with banks and other financial institutions		
31 March 2014		**31 March 2015**
£000		**£000**
182,426	Amounts at 31 March	153,037
0	Historical experience of default	0
0	Historical experience adjusted for market conditions as at 31March	0
0	Estimated maximum exposure to default and uncollectible debt	0

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.

b. Liquidity Risk

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

If unexpected movements occur, the Council has ready access to a facility to borrow from the Public Works Loans Board to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

c. Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 40% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

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

31 March 2014	Total Borrowing	31 March 2015
£000		**£000**
	Source of loan and interest rate range :	
368,443	Public Works Loan Board (3.7% to 10.25%)	342,497
43,166	Commercial Bank (3.2% to 4.5%)	43,152
411,609		**385,649**
	Analysis of loans:	
	Short Term Borrowing	
25,944	Maturing in less than 1year	**53,570**
	Long Term Borrowing	
98,988	Maturing in 2 - 5 years	62,550
46,454	Maturing in 5 - 10 years	39,047
58,660	Maturing in 10 - 15 years	57,364
181,563	Maturing in more than 15 years	173,118
385,665	**Total Long Term Borrowing**	**332,079**
411,609	**Total Borrowing**	**385,649**

The total borrowing shown on the Balance Sheet, page3, of £391,498, calculated by adding together short term (£59.419m) and long term borrowing (£332.079m), includes accrued interest of £5.849m, per accounting regulations. Accrued interest is not included in the above table.

d. Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments.

The current interest rate risk for the Council is summarised below:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on the revenue balances);
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- 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 2015 with all other variables held constant, the financial effect would be:

31 March 2014 £000	**Effect of 1% increase in interest rates**	**31 March 2015 £000**
0	Increase in interest payable on variable rate borrowings	0
-1,528	Increase in interest receivable on variable rate investments	-1,005
0	Increase in government grant receivable for financing costs	0
-1,528	**Impact on Surplus or Deficit on the Provision of Services**	**-1,005**

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 has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 48: Trust Funds and Custodial Money

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

£69,573 (£79,630 at 31 March 2014) is also held on behalf of clients who are in residential care. The assets shown below are not owned by the Council and are not included in the Balance Sheet.

Balance 31 March 2014	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2014-15	Income 2014-15	Balance 31 March 2015
£		£	£	£
	Education charities:			
573,886	Charles Semon Educational Foundation	3,785	14,758	584,859
375,652	Bradford area	10,020	18,409	384,041
395,133	Keighley area	1,076	20,081	414,138
22,156	Housing charities	10,309	133	11,980
283,333	Charities for the Blind	0	7,176	290,509
1,650,160		**25,190**	**60,557**	**1,685,527**

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2015 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 2014-15	Balance at 31 March 2015
		£	£
Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	10,973	584,859
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	19,158	405,692
Royd House Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	-4,568	138,457
Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	2,399	73,565
Littlemoor Queensbury (519426)	Maintenance of Public Park & Recreation Ground for the benefit and use of Queensbury and the general public	1,753	58,260

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.

The amount due from business rate payers for 2013-14 has been restated for business rate appeals settled in the year. Business rate appeals are now shown separately in the Collection Fund Statement.

2013-14 £000 Council Tax	**2013-14 £000 Business Rates Restated**	**2013-14 £000 Total Restated**	**Collection Fund Statement**	**2014-15 £000 Council Tax**	**2014-15 £000 Business Rates**	**2014-15 £000 Total**	
			Income				
170,460	-	170,460	Due from Council Tax payers (excluding benefits)	176,704	-	176,704	*Note 1*
-713	-	-713	Due in respect of Council Tax benefits	-188	-	-188	
-	144,078	144,078	Due from Business Rate payers	-	145,015	145,015	*Note 2*
169,747	**144,078**	**313,825**	**Total Income**	**176,516**	**145,015**	**321,531**	
			Expenditure				
			Precepts:				
138,160	-	138,160	Bradford Council	144,207	-	144,207	
7,105	-	7,105	West Yorkshire Fire and Rescue Authority	7,300	-	7,300	
16,773	-	16,773	Police & Crime Commissioner for West Yorkshire	17,575	-	17,575	
			Business Rates:				
-	67,974	67,974	Payment to Central Government	-	68,113	68,113	
-	1,359	1,359	Payment to West Yorkshire Fire and Rescue Authority	-	1,362	1,362	
-	66,615	66,615	Payment to Bradford Council	-	66,751	66,751	
-	734	734	Costs of Collection	-	734	734	
-	1,009	1,009	Transitional Protection Payments	-	1,607	1,607	
2,182	2,528	4,710	Write-offs of Uncollectable Amounts	3,731	2,837	6,568	
-	4,293	4,293	Settlement of Appeals	-	5,908	5,908	
2,267	647	2,914	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	1,325	909	2,234	*Note 3*
-	12,333	12,333	Contribution to / from (-) Provision for Losses on Appeals	-	3,027	3,027	*Note 4*
			Distribution of Collection Fund Surplus/repayment of deficit:				
0	0	0	Bradford Council	2,351	-2,497	-146	
0	0	0	West Yorkshire Fire and Rescue Authority	121	-2,548	-2,427	
0	0	0	Police & Crime Commissioner for West Yorkshire	287	-51	236	
166,487	**157,492**	**323,979**	**Total Expenditure**	**176,897**	**146,152**	**323,049**	
-3,260	**13,414**	**10,154**	**Net movement (surplus (-)/deficit) in the fund balance**	**381**	**1,137**	**1,518**	*Note 5*
			Movements on the Collection Fund Balance				
486	**-**	**486**	**Balance at beginning of year**	**-2,774**	**13,414**	**10,640**	
-2,780	6,573	3,793	Bradford's share of surplus (-) /deficit for the year	324	557	881	*Note 5*
-480	134	-346	Preceptors' share of surplus (-) /deficit for the year	57	12	69	*Note 5*
-	6,707	6,707	Central Government's share of surplus (-) /deficit for the year	-	568	568	*Note 5*
-2,774	**13,414**	**10,640**	**Balance at end of year**	**-2,393**	**14,551**	**12,158**	
			Allocated to:				
-2,360	6,573	4,213	Bradford Council	-2,036	7,130	5,094	
-122	134	12	West Yorkshire Fire and Rescue Authority	-105	146	41	
-292	-	-292	Police & Crime Commissioner for West Yorkshire	-252	-	-252	
-	6,707	6,707	Central Government	-	7,275	7,275	
-2,774	**13,414**	**10,640**		**-2,393**	**14,551**	**12,158**	

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 benefit and/or single occupier discount.

Properties in the middle band, D, were charged at £1,329.57 in 2014-15 (£1,309.01 in 2013-14) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2014-15 was 127,170 (123,787 in 2013-14). The tax base for 2014-15 was approved at the Executive meeting on 14 January 2014 and was calculated as follows:

2013-14 Band D Equivalent		Band	2014-15 Number of chargeable dwellings	Multiplier	2014-15 Band D Equivalent
77		A*	17	5/9	9
33,592		A	53,824	6/9	35,883
24,926		B	33,334	7/9	25,926
27,334		C	31,552	8/9	28,046
14,496		D	14,747	9/9	14,747
12,803		E	10,578	11/9	12,929
7,401		F	5,072	13/9	7,327
5,370		G	3,246	15/9	5,410
450		H	145	18/9	290
126,449	Total Band D equivalent				130,567
-2,662	Adjustment for estimated losses on collection				-3,397
123,787	**Council Tax Base**				**127,170**

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 47.1p (46.2p in 2013-14) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 48.2p (47.1p in 2013-14) 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 shares payable for 2014-15 were estimated before the start of the financial year as £68.113m to Central Government, £1.362m to WYFRA and £66.751m to Bradford Council. These sums have been paid in 2014-15 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2014-15 was £145.015m (£144.078m in 2013-14). This sum includes £1.607m 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 £379,349,488 for 2014-15 (£379,368,052 for 2013-14).

Note 3. Provision for Council Tax and Business Bad Debts

In 2014-15, the total provision for Council Tax bad debts was increased by £1.325m, from £10.727m to £12.052m. Of the final balance, 85% is to cover Council Tax owed to the Council. The remaining 15% is to cover amounts owed to major preceptors.

In 2014-15, the total provision for Business Rates bad debts was increased by £0.909m, from £5.022m to £5.931m. Of the final balance, 49% is to cover Business Rates owed to the Council. The remaining 51% is to cover amounts owed to Central Government (50%) and West Yorkshire Fire and Rescue Authority (1%).

Note 4. Provision for Losses on Appeals

From 1 April 2013, 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 2014-15, the provision for losses on outstanding appeals was increased by £3.027m, from £12.333m at 31 March 2014 to £15.359m at 31 March 2015. The Council's 49% share of the £15.359m provision was £7.526m.

Note 5. Collection Fund Balance

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

An overall deficit of £1.518m arose in 2014-15 (£10.154m deficit in 2013-14), of which the Council's share was a deficit of £0.881m (£3.793m deficit in 2013-14); Central Government's share was a deficit of £0.568m (£6.707m deficit in 2013-14); and the preceptors share was a deficit of £0.069m (£0.346m surplus in 2013-14).

Note 6. Leeds City Region Pooling Arrangement

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

West Yorkshire Pension Fund

2013-14 Restated £000	Fund account	2014-15 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
360,413	Contributions receivable	368,058	*7*
28,732	Transfers in	15,670	*8*
24,182	Non-statutory pensions and pensions increases recharged	23,833	*10*
413,327		**407,561**	
-418,555	Benefits payable	-437,058	*12*
-24,182	Non-statutory pensions and pensions increases	-23,833	*10*
-13,650	Payments to and on account of leavers	-181,468	*9*
-456,387	**Expenditure total**	**-642,359**	
-7,440	**Management expenses**	**-7,197**	***14***
	Returns on investments		
266,032	Investment income	294,029	*15*
-2,174	Taxes on income	-165	
213,710	Profit and losses on disposal of and changes in value of investments	896,453	*18*
1,434	Stock lending	2,094	*18*
2	Underwriting commission	0	
479,004	**Net return on investments**	**1,192,411**	
428,504	**Net Increase in the net assets available for benefits during the year**	**950,416**	
9,940,305	**Opening net assets of the scheme**	**10,368,809**	
10,368,809	**Closing net assets of the scheme**	**11,319,225**	

The 2013-14 figures have been restated due to new CIPFA disclosure guidelines which were introduced during the 2014-15 reporting period.
The restatement specifically relates to management expenses (£7,440) which were previously shown as administration expenses (£4,691), investment management expenses (£2,297) and investment costs (£452) within investment income.

1st April 2013 Restated £000	31st March 2014 Restated £000	Net assets statement	31st March 2015 £000	*Note*
		Investment assets		
972,135	956,929	Fixed interest securities	1,096,230	*18*
6,608,535	7,162,619	Equities (including convertible shares)	7,974,012	*18*
697,136	598,625	Index-linked securities	608,117	*18*
1,191,931	1,189,911	Pooled investment vehicles	1,354,482	*18*
0	0	Direct Property	6,000	*18*
356,205	318,967	Cash deposits	181,000	*18*
53,743	87,526	Other investment balances	41,056	*18*
		Investments liabilities		
-14,903	-7,675	Other investment balances	-6,000	*18*
9,864,782	**10,306,902**	**Investments at 31st March**	**11,254,897**	
		Current assets		
50,905	51,940	Debtors	49,384	*22*
34,182	22,900	Cash balances (not forming part of the investment assets) *	25,012	*22*
		Current liabilities		
9,564	-12,933	Creditors	-10,068	*23*
75,523	**61,907**	**Net current assets and liabilities**	**64,328**	
9,940,305	**10,368,809**	**Net assets of the scheme at 31st March**	**11,319,225**	

* This figure takes account of cheques drawn but not presented, the balance on the bank account at 31st March 2015 was £25,012,067 (31st March 2014 £22,899,741).

The financial statements for West Yorkshire Pension Fund does not take account of liabilities to pay pensions and other benefits after 31st March 2015. 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 13.

Figures relating to 2013-14 have been restated for changes to investment classification following a review by WYPF Investment managers of the nature of funds held in Fixed Interest Securities, Equities and Pooled Investment Vehicles.

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 – It is a statutory scheme and the benefits are paid out under the provisions of the Local Government Pension Scheme Regulations as amended. Contributing members are contracted out of the State Earnings Related Pension Scheme. Exempt approval has been granted by HM Revenue and Customs for the purposes of the Income and Corporation Taxes Act.

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

f) The Local Government Pension Scheme Regulations 2013 (as amended)
g) The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
h) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

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 383 participating employers at 31st March 2015 (367employers as at 31st March 2014) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2015 is 268,780 (restated figure for 31st March 2014 is 256,561).

2013-14 Restated	Profile of membership	2014-15
94,056	Active members	97,548
79,094	Pensioner members	82,148
83,411	Members with preserved pensions	89,084
256,561	**Total members**	**268,780**

The membership figures as at 31 March 2014 have been restated to take account of notifications from employers relating to the period ending 31 March 2014 but which were received after the accounts for that period were audited.

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 salary. 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

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 31st March 2013 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Position

1. The valuation as at 31st March 2013 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £9,956.7M) covering 96% of the liabilities in respect of service prior to the valuation date allowing, in the case of 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 1st April 2014 was:

- 14.3% 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.

Plus

- Monetary amounts 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 1st April 2014, amounting to £26.5M in 2014/15, and increasing by 3.9% p.a. thereafter.

3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 31st March 2014 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

4. The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement in force at the time. The approach adopted, and the recovery period used for each employer, is set out in the actuarial valuation report.

5. The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled Bodies	**5.6% p.a.**
Admission Bodies	**5.2% p.a.**
Discount rate for periods after leaving service	
Scheduled Bodies	**5.6% p.a.**
Admission Bodies	**3.6% p.a.**
Rate of pay increases:	**3.9% p.a.**
Rate of increase to pension accounts	**2.4% p.a.**
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	**2.4% p.a.**

The assets were valued at market value.
Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31st March 2013. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1st April 2014 to 31st March 2017 were signed on 31st March 2014. Contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31st March 2016 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

8. This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31st March 2013. 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 Hewitt Limited does not accept any responsibility or liability to any party other than our client, City of Bradford Metropolitan District Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31st March 2013 is available on the Fund's website at the following address: http://www.wypf.org.uk/Member/Publications/Valuation/WYPF/Valuation_WYPF_Index.aspx

Aon Hewitt Limited
May2015

Note 3. Accounting policies

Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2014/15 financial year and its position at year-end as at 31st March 2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 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 in by our actuary in note 13.

Contributions

Contributions are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable. Employers have met 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 a current assets debtors.

Transfers in and out of the fund

Transfer values represent amounts received and paid during the period for individual and bulk transfers that came into, or out of the Fund. These are calculated in accordance with the Local Government Pension Scheme Regulations.
Transfers in or out, including bulk transfers, are accounted for when received or paid, which is normally when the member liability is accepted or discharged.

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

Total management expense is made up of administration, oversight and governance, and investment management expenses.

Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff of the pension's administration team are charged direct to the fund. Associated management accommodation 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 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 custodianship and therefore increase or reduce as the value of the investments change. The fees of the external advisors increase by RPI on an annual basis. In addition, the Fund has engaged WM - State Street Global Services to report on the performance of the Fund, the charge for this service is included in investment management expenses.

The cost of the Funds in-house investment fund management team are 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 investment management expenses.

Cash and cash equivalents

Cash comprises of cash in hand 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.

Investment income

Interest income

Interest due on fixed-interest securities, index-linked securities and short-term investments is accounted for on an accruals basis, income from UK equities is accounted for on the date when stocks are quoted ex-dividend, and other investment income is accounted for when received.

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 (rent free periods) 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 asset debtors.

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 asset 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 and comprise 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 and liabilities

Financial assets are included in the net assets statement on a fair value basis as at the reporting date with the exception of any assets classified as loans and receivables, which are stated at nominal value. 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 this date any gains or losses arising from changes in the fair value of the asset are recognised by the fund.

Valuation methodology

Financial instruments include financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale.

The methodologies adopted in valuing financial instruments are explained in greater detail in note 18 to the accounts.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs.

Because a variety of estimation techniques are employed and significant estimates made, comparisons of fair values between financial institutions may not be meaningful.

Readers of these financial statements are thus advised to use caution when using this data to evaluate the Fund's financial position.

Fair value information is not provided for items that do not meet the definition of a financial instrument.

Loans and receivables

The fair value of deposits is considered to be equal to their carrying value. Receivables are disclosed at their carrying value, and no discounting is performed on amounts receivable more greater than 12 months as these are adjusted rental incomes for rent free periods on investment properties.

Additional Voluntary Contributions (AVCs)

West Yorkshire Pension Fund provides 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 Equitable Life as its AVC providers. AVC's 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 showing the amount held in their account and the movements in the year.

AVC's are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only, this is provided in note 9.

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.) Foreign currency purchases are translated into Sterling at the actual purchase rate, all commission are charged as expense to management costs.

b.) Proceeds of sales of foreign assets are translated into Sterling

   a. If there have been transactions in the same currency in the last 30 days, then the latest recorded transaction rate is used.

   b. Else the mid-market rate on the date of receipt is used.

c.) Purchase of foreign investments are translated into Sterling using the rate at which the foreign currency was purchased or translated to Sterling.

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

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

f.) When currency are sold we use the actual sale rate and commissions are charged to management expense.

Acquisition costs of investments

Acquisition costs of investments are included in the purchase price.

Netting

A financial asset and a financial liability are 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 whose existence 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 note 23.

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 31st March 2015 but not settled until later are accrued in the accounts.

Note 4. Critical accounting estimates, judgements and assumptions made about the future and other major source of estimation uncertainty

The preparation of the Fund's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying accounting policies 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.

The significant judgements made by management in applying the Fund's accounting policies and 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.

a) Fair value of financial instruments

In accordance with IFRS 7, the Fund categorises financial instruments carried on the net asset statement at fair value using a three-level hierarchy. 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.

b) Retirement benefit obligations

Under IFRS the Fund is required to disclose the actuarial present value of promised retirement benefits. This is disclosed in note 13 and is not shown in the primary financial statements. Significant judgement and estimates are used in formulating this information, all of which are disclosed in note 13.

Note 5. Events after the Balance sheet

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), and

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

There have been no such events since 31 March 2015, and up to the date when these accounts were authorised that require disclosure or any adjustments to these accounts.

Note 6. Prior period adjustment- Net Asset Statement reclassification of investments

The classification of investments for prior periods have been restated to better reflect the underlying nature of the investments which the Fund now manages internally as listed alternatives. The reclassification has no impact on the financial position reported in prior periods.

The code requires disclosure of any material restatements relating to previous years. These are detailed below.

The impact on the comparative 2012-13 statement of accounts is summarised below.

	2012-13	**2012-13**	**2012-13**
	£000	**£000**	**£000**
	Original	**Change**	**Restated**
Fixed Interest securities	1,023,063	-50,928	972,135
Equities (including convertible shares)	6,565,740	42,795	6,608,535
Pooled investment vehicles	1,183,798	8,133	1,191,931

The impact on the comparative 2013-14 statement of accounts is summarised below.

	2013-14	2013-14	2013-14
	£000	£000	£000
	original	change	Restated
Fixed Interest securities	1,014,078	-57,149	956,929
Equities (including convertible shares)	7,111,415	51,204	7,162,619
Pooled investment vehicles	1,183,966	5,945	1,189,911

Note 7. Contributions receivable by category:

Contributions from employers and employees:

2013-14 £000	Analysis of contributions received	2014-15 £000
256,768	Employers	259,528
103,645	Members	108,530
360,413	**Total contributions received**	**368,058**

Contributions receivable by type of employer:

2013-14 £000	Analysis by type of employer	2014-15 £000
327,856	**Scheduled bodies**	331,737
32,557	**Admitted bodies**	36,321
360,413	**Total contributions received**	**368,058**

Contributions are further analysed by type of contribution:

2013-14 £000	Contributions received by type	2014-15 £000
233,323	Employers normal contributions	239,617
103,645	Employees normal contributions	108,530
23,425	Employers deficit contributions	19,888
20	Employers augmentation contributions	23
360,413	**Total contributions received**	**368,058**

Employers' contribution rates and deficit contributions

At the triennial valuation (31 March 2013) the Actuary calculated 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. For 2014/15 the rates start at 5.5% payable by employees with salaries up to £13,500 a year, and the highest rate is 12.5% to be paid on salaries over £150,000 a year.

Additional voluntary contributions

The Fund has made provision for employees to make additional voluntary contributions (AVCs) under AVC Schemes with Equitable Life, Scottish Widows and Prudential. All contributions by employees to the AVC schemes are made direct to Equitable Life, Scottish Widows and Prudential, further details of which are shown in note 11.

Note 8. Transfers in

2013-14 £000	Transfers in from other pension funds	2014-15 £000
28,732	Individual transfers in from other schemes	14,670
0	Bulk transfers in from other schemes	1,000
28,732	**Total transfers in**	**15,670**

Note 9. Payments to and on account of leavers

2013-14 £000	Payments to and on account of leavers	2014-15 £000
-59	Refund of contributions	-452
-13,591	Individual transfers out to other schemes	-10,763
0	Bulk transfers out to other schemes	-170,253
-13,650	**Total transfers out**	**-181,468**

The Greater Manchester Pension Fund (GMPF) was chosen by the Ministry of Justice to administer the LGPS in respect of the National Probation Service, for this reason a bulk transfer (£170m) relating to the Probation Service was made to GMPF during the reporting period by West Yorkshire Pension Fund.

Note 10. Non-statutory pensions and pensions increase recharged

2013-14 £000	Non-statutory pensions and pensions increase recharged	2014-15 £000
24,182	Pensions	23,833

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 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 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:

2013-14 £000	Additional voluntary contributions	2014-15 £000
20,704	Value of funds at 1st April	21,879
3,746	Contributions received	4,304
74	Transfers and withdrawals	32
54	Internal transfers	0
915	Interest and bonuses / change in market value of assets	2,081
-3,614	Sale of investments to settle benefits due to members	-4,253
21,879	**Value of fund at 31st March**	**24,043**

The aggregate amounts of AVC investments are:-

2013-14 £000	AVC investments	2014-15 £000
3,165	Equitable Life	3,003
6,687	Prudential	8,257
12,027	Scottish Widows	12,783
21,879	**Total**	**24,043**

Note 12. Benefits payable

2013-14 £000	Analysis of benefits payable	2014-15 £000
	Funded pensions	
-301,426	Retired employees	-314,890
-25,979	Dependants	-27,198
	Funded lump sums	
-80,263	On retirement	-85,377
-10,887	On death	-9,593
-418,555	**Total Benefits Payable**	**-437,058**

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

2013-14 £000	Analysis of benefits payable by member body	2014-15 £000
-363,448	Scheduled bodies	-378,481
-39,904	Admitted bodies	-43,110
-15,203	Other interested bodies with no pensionable employees	-15,467
-418,555	**Total benefits payable**	**-437,058**

For participating employers, all basic pensions plus the costs of annual inflation proofing are met from the assets of the fund.

Note 13. Actuarial present value of promised retirement benefits

Introduction

The Fund is part of the Local Government Pension Scheme and under IAS 26 it is required to disclose the actuarial present value of promised retirement benefits across the Fund as a whole.
The Fund provides defined benefits, which for membership to 31st March 2015, are based on members' Final Pensionable Pay.
The required valuation is carried out by the Fund Actuary, Aon Hewitt using assumptions derived in the same way as those recommended for individual participating employers reporting pension liabilities under IAS 19. This approach results in a different valuation of liabilities than at triennial funding valuation. (Actuarial statement p96).
The information set out below relates to actuarial present value of the promised retirement benefits in the Fund.

Actuarial present value of promised retirement benefits	Paragraph 6.5.2.8 of CIPFA's Code of Practice on local authority accounting for 2014/15 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed. The results as at 31st March 2013 together with the 2010 figures 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 IAS19 assumptions.	
	Value as at 31st March 2013 £M	Value as at 31st March 2010 £M
Fair value of net assets	**9,940.3**	**7,916.91**
Actuarial present value of the promised retirement benefits	**12,259.3**	**11,726.54**
Surplus / (deficit) in the Fund as measured for IAS26 purposes	**(2,319.0)**	**(3,809.63)**
Assumptions	The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31st March 2013. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:	
	31st March 2013 (% p.a.)	31st March 2010 (% p.a.)
Discount rate	4.5	5.5
RPI Inflation	3.4	3.9
CPI Inflation	2.4	3.0
Rate of increase to pensions in payment*	2.4	3.9
Rate of increase to deferred pensions*	2.4	3.9
Rate of general increase in salaries **	3.9	5.4

** In excess of Guaranteed Minimum Pension increases in payment where appropriate*

*** In addition, we have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31st March 2013.*

The assumptions to which the actuarial present value of promised retirement benefits are most sensitive are the discount rate, net of pay and pension increases, and the longevity improvement assumption.

Principal demographic assumptions

Post retirement mortality	31st March 2013	31st March 2010
Males		
Base table	Standard SAPS Normal Health All Amounts (S1NMA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table *	0	0
Scaling to above base table rates **	105%	105%
Allowance for future improvements	CMI 2012 with a long term rate of improvement of 1.5% p.a.	In line with CMI 2009 with long term improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	22.5	21.7
Future lifetime from age 65 (currently aged 45)	24.7	23.6
Females		
Base table	Standard SAPS Normal Health All Amounts tables (S1NFA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table *	0	0
Scaling to above base table rates **	100%	105%
Allowance for future improvements	CMI 2012 with a long term rate of improvement of 1.5% p.a.	In line with CMI 2009 with long term improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	25.4	23.9
Future lifetime from age 65 (currently aged 45)	27.7	25.9

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

** The scaling factors shown apply to normal health retirements.

	31st March 2013	31st March 2010
Commutation	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.	Each member is assumed to exchange 50% of the maximum amount permitted, of their past service pension rights on retirement, for additional lump sum. Each member is assumed to exchange 75% of the maximum amount permitted, of their future service pension rights on retirement, for additional lump sum.

Changes in benefits during the accounting period

There have been no changes in benefits during the accounting period. No allowance has been made in our calculations for the new Scheme benefits accruing from 1st April 2014.

Note 14. Management Expenses

Restated 2013-14 £000	Management expenses	2014-15 £000
-4,277	Administration costs	-4,054
-2,446	Investment Management expenses	-2,499
-717	Oversight and Governance	-644
-7,440	**Total administrative expenses**	**-7,197**

2013-14 figures were restated due to new disclosure guidelines introduced in 2014-15 reporting period.

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 £24k (2013/14 £30k) in respect of performance related fees paid and also a statutory audit fee of £48k (2013-14 £48k), no other fees have been paid to the external auditor.

Note 15. Investment income

Restated 2013-14 £000	Investment income	2014-15 £000
43,600	Income from fixed interest securities	39,016
198,774	Dividends from equities	229,428
8,304	Income from index-linked securities	6,963
13,969	Income from pooled funds	16,653
0	Income from Direct Property	-14
1,385	Interest on cash deposits	1,983
266,032	**Total investment income**	**294,029**

Investment income has been restated due to new CIPFA guidelines relating to management costs, some costs that were previously charge against investment income have now been charged to management costs.

Income from Direct Property

2013-14 £000	Investment income	2014-15 £000
0	Rental income	67
0	Direct operating expenses	-81
0	**Net Income**	**-14**

Analysis of investment income accrued

	2014 UK £000	2015 UK £000	2014 NON UK £000	2015 NON UK £000	2014 GLOBAL £000	2015 GLOBAL £000	2014 TOTAL £000	2015 TOTAL £000
Equities	18,879	20,532	67	328	0	0	18,946	20,860
Bonds	11,218	9,902	2,871	2,122	0	0	14,089	12,024
Direct Property holdings	0	67	0	0	0	0	0	67
Cash and cash equivalents	0	482	0	0	0	32	0	514
Other	0	0	0	0	0	0	0	0
Total	**30,097**	**30,983**	**2,938**	**2,450**	**0**	**32**	**33,035**	**33,465**

Note 16. Investment expenses

2013-14 £000	Investment expenses	2014-15 £000
2,000	Internal management costs	2,091
447	Custody fees	408
2,447	**Total**	**2,499**

Note 17. Direct Property Holdings

2013-14 £000	Investment expenses	2014-15 £000
0	**Opening balance**	0
	Additions:	
0	Purchases	6,387
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net Increase/ decrease in market value	-387
0	Other changes in fair value	0
0	**Closing value**	**6,000**

WYPF did not have direct property holdings in 2013/14, WYPF purchased its first direct property in December 2014.

Note 18. Investments

Movement in the value of investments in 2014-15

Investments	Opening value at 1st April 2014	Purchases at cost	Sale proceeds	Change in market value	Closing value at 31st March 2015
	£000	£000	£000	£000	£000
Fixed interest securities	956,929	309,177	-240,453	70,577	1,096,230
Equities	7,162,619	555,215	-367,248	623,426	7,974,012
Index-linked securities	598,625	80,563	-156,113	85,042	608,117
Pooled Funds	1,189,911	249,519	-202,743	117,795	1,354,482
Direct Property	0	6,387	0	-387	6,000
Cash deposits	318,967	0	-137,967	0	181,000
Other investment assets	87,526	0	-46,470	0	41,056
Other investment liabilities	-7,675	1,675	0	0	-6,000
Total investments	**10,306,902**	**1,202,536**	**-1,150,994**	**896,453**	**11,254,897**

Comparative movements in the value of investments for 2013-14:

Investments	Opening value at 1st April 2013	Purchases at cost	Sale proceeds	Change in market value	Closing value at 31st March 2014
	£000	£000	£000	£000	£000
Fixed Interest Securities	972,135	296,615	-268,766	-43,055	956,929
Equities	6,608,535	659,680	-349,739	244,143	7,162,619
Index-linked Securities	697,136	141,243	-193,058	-46,696	598,625
Pooled Funds	1,191,931	70,948	-132,286	59,318	1,189,911
Direct Property	0	0	0	0	0
Cash Deposits	356,205	0	-37,238	0	318,967
Other Investment assets	53,743	0	33,783	0	87,526
Other Investment liabilities	-14,903	7,228	0	0	-7,675
Total Investments	**9,864,782**	**1,175,714**	**-947,304**	**213,710**	**10,306,902**

The change in market value of investments during the year comprises 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.

In 2013-14 West Yorkshire Pension Fund did not hold any Direct Property.

The cash deposits balance represents a current element of the investment assets.

2013-14 £000	Analysis of investments closing market values	2014-15 £000
	Fixed interest securities:	
390,878	UK public sector quoted	475,130
334,642	UK other quoted	371,219
29,059	UK Unquoted	23,393
132,754	Overseas public sector quoted	149,385
60,817	Overseas other quoted	73,413
8,779	Overseas unquoted	3,690
956,929		**1,096,230**
	Equities:	
3,672,397	UK quoted	3,790,604
169,825	UK unquoted	182,955
2,953,532	Overseas quoted	3,556,023
366,865	Overseas unquoted	444,430
7,162,619		**7,974,012**
	Index linked securities:	
486,635	UK public sector quoted	510,361
51,692	UK other quoted	41,097
60,298	Overseas public sector quoted	56,659
598,625		**608,117**
	Pooled investment vehicles:	
260,408	Hedge funds	258,655
328,943	Property	474,834
600,560	Other	620,993
1,189,911		**1,354,482**
0	Direct Property	**6,000**
	Cash deposits:	
318,967	Sterling	**181,000**
10,227,051	**Total**	**11,219,841**

Geographical analysis of investments held as at 31st March 2015

	2015 UK £m	2015 Non UK £m	2015 Global £m	2015 Total £m
Fixed Interest Securities	869.7	226.5	0.0	1,096.2
Equities	3,973.6	4,000.5	0.0	7,974.1
Index Linked Securities	551.5	56.6	0.0	608.1
Pooled Investment Vehicles	397.6	482.1	474.8	1,354.5
Property (direct holdings)	6.0	0.0	0.0	6.0
Cash and cash equivalents	181.0	0.0	0.0	181.0
Total	**5,979.4**	**4,765.7**	**474.8**	**11,219.9**

Comparative geographical analysis as at 31st March 2014

	2014 UK £m	2014 Non UK £m	2014 Global £m	2014 Total £m
Fixed Interest Securities	754.6	202.3	0.0	956.9
Equities	3,842.2	3,320.4	0.0	7,162.6
Index Linked Securities	538.3	60.3	0.0	598.6
Pooled Investment Vehicles	398.0	463.0	328.9	1,189.9
Property (direct holdings)	0.0	0.0	0.0	0.0
Cash and cash equivalents	319.0	0.0	0.0	319.0
Total	**5,852.1**	**4,046.0**	**328.9**	**10,227.0**

Concentration of Investments

Statement of Recommended Practice for Pension Funds (SORP) and Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 require disclosure where there is a concentration of investment which exceeds either 5% of the total value of the net assets of the scheme or of class of security. No single investment makes 5% of the value of the scheme. Those which make 5% of a class of security are listed below:

2013-14 £000	Single investments with a value of greater than 5% of the asset class	2014-15 £000
	Fixed interest securities:	
57,370	Treasury 1.75% 2022	n/a
n/a	Treasury 3.25% 2044	56,965
	Index linked securities:	
52,282	Treasury 2020	42,234
34,446	Treasury 2022	35,674
50,297	Treasury 2024	35,471
62,200	Treasury 2029	71,001
31,362	Treasury 2030	34,305
n/a	Treasury 2034	52,711
43,431	Treasury 2035	n/a
49,070	Treasury 2040	38,687
46,851	Treasury 2044	43,603
	Managed and Unitised Funds:	
72,508	Aurum ISIS Sterling Fund	78,192
82,333	QIP Ltd	86,081
	Direct Property	
n/a	Aldermanbury House	6,000

n/a = no investments

Stock Lending

2013-14 £000	Analysis of stock lending		2014-15 £000
222	Income	- Fixed interest	51
372		- UK equities	737
1,022		- International equities	1,358
-182	Expenditure		-52
1,434	**Total**		**2,094**

At 31st March 2015, £631.4 million of stock was on loan to market makers, (31st March 2014 £708.2m) and this was covered by collateral totalling £702.8 million, (31st March 2014 £751.6m). The collateral was comprised of UK & International Government Bonds £202.3m, International Equities £267.4 m and Certificates of Deposit £107k. The total amount on loan is fully indemnified by our custodian.

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 2015

	Classified as at fair value through profit & loss	Loans and receivables	Financial assets/ liabilities	Total financial assets / liabilities
Financial Assets	£000	£000	£000	£000
Fixed interest securities	1,096,230	0	0	1,096,230
Equities	7,974,012	0	0	7,974,012
Index-linked securities	608,117	0	0	608,117
Pooled investment vehicles	1,354,482	0	0	1,354,482
Cash deposits (Investments)	0	181,000	0	181,000
Cash balances (not forming part of the investment assets)	0	25,012	0	25,012
Other investment balances	41,056	0	0	41,056
Debtors	0	49,384	0	49,384
Total financial assets	11,073,897	255,396	0	11,329,293
Financial Liabilities				
Other investment balances	-6,000	0	0	-6,000
Creditors	0	0	-10,068	-10,068
Total financial liabilities	-6,000	0	-10,068	-16,068

All net gains or losses on financial instruments are on those classified as financial assets at fair value through profit or loss.

Comparative of Financial instrument classification as at 31st March 2014

	Classified as at fair value through profit & loss	Loans and receivables	Financial assets/liabilities at amortised cost	Total financial assets / liabilities
Financial assets	**£000**	**£000**	**£000**	**£000**
Fixed interest securities	956,929	0	0	956,929
Equities	7,162,619	0	0	7,162,619
Index-linked securities	598,625	0	0	598,625
Pooled investment vehicles	1,189,911	0	0	1,189,911
Cash deposits (Investments)	0	318,967	0	318,967
Cash balances (not forming part of the investment assets)	0	22,900	0	22,900
Other investment balances	87,526	0	0	87,526
Debtors	0	51,940	0	51,940
Total	**9,995,610**	**393,807**	**0**	**10,389,417**
Financial liabilities				
Other investment balances	-7,675	0	0	-7,675
Creditors	0	0	-12,933	-12,933
Total	**-7,675**	**0**	**-12,933**	**-20,608**

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. Financial instruments – Fair values of financial assets and liabilities

The following table summarises the carrying values of financial assets and liabilities presented on the Fund's net asset statement. The fair values presented in the table are at a specific date and may be significantly different from the amounts which will actually be paid or received on the maturity or settlement date.

	Carrying value 2014-15	Carrying value 2013-14	Fair value 2014-15	Fair value 2013-14
Financial assets	**£000**	**£000**	**£000**	**£000**
Trading and other financial assets at fair value through profit & loss	11,073,897	9,995,610	11,073,897	9,995,610
Loans and receivables	255,397	393,807	255,397	393,807
Total financial assets	**11,329,294**	**10,389,417**	**11,329,294**	**10,389,417**
Financial liabilities				
Trading and other financial liabilities at fair value through profit & loss	-6,000	-7,675	-6,000	-7,675
Financial liabilities at amortised cost	-10,068	-12,933	-10,068	-12,933
Total financial liabilities	**-16,068**	**-20,608**	**-16,068**	**-20,608**

Note 21. Financial instruments – valuation

Valuation of financial instruments carried at fair value.

The valuations of financial instruments have been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1

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

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.

Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the instrument 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. Products classified as level 2 are property funds and currency funds.

Property Funds are valued at closing bid price. Property valuations are normally undertaken by the Property Trusts' own valuers. The values disclosed in the financial statements are extracted from valuation statements issued by the Property Trusts. Valuations are performed in accordance with RICS (Royal Institution of Chartered Surveyors) Valuation Standards (The Red Book), or the international equivalent.

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 fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of investment in private equity are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US Generally Accepted Accounting Practice (GAAP). Valuations are performed annually and mainly as at the end of December. Cash flow adjustments are used to roll forward the valuations to 31st March as appropriate.

The values of investments in Hedge Funds are based on the net asset values provided by the fund managers. Values are normally received by West Yorkshire Pension Fund 30 days after the month end to which they relate. The values reported in the financial statements are therefore based on February month end values, adjusted according to estimates of fund performance in March, as informed by fund managers. We gain assurance over valuations provided by fund managers by comparing valuations to funds' audited accounts' Net Asset Values.

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 2015

	31st March 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets	**£m**	**£m**	**£m**	**£m**
Financial assets at fair value through profit & loss	9,645	475	913	11,033
Loans and receivables	181	0	0	181
Total financial assets	**9,826**	**475**	**913**	**11,214**
Financial liabilities				
Financial liabilities at fair value through profit & loss	-6	0	0	-6
Total financial liabilities	**-6**	**0**	**0**	**-6**

Valuation hierarchy as at 31st March 2014

	31st March 2014 Level 1	Level 2	Level 3	Total
Financial assets	**£m**	**£m**	**£m**	**£m**
Financial assets at fair value through profit & loss	8,806	323	866	9,995
Loans and receivables	394	0	0	394
Total financial assets	**9,200**	**323**	**866**	**10,389**
Financial liabilities				
Financial liabilities at fair value through profit & loss	-8	0	0	-8
Total financial liabilities	**-8**	**0**	**0**	**-8**

Note 22. Current assets

2013-14 £000	Current assets (Debtors)	2014-15 £000
	Debtors	
25,307	Contributions due from employees and employers	26,420
26,633	Other debtors	22,964
51,940	**Total current assets**	**49,384**

Further analysis by type of body:

2013-14 £000	Current assets by type of body	2014-15 £000
184	Central government bodies	74
44,653	Other local authorities	41,886
18	NHS bodies	80
1,595	Public corporations and trading funds	1,393
5,490	Bodies external to general government	5,951
51,940	**Total current assets**	**49,384**

Note 23. Current liabilities

2013-14 £000	Current liabilities	2014-15 £000
	Creditors	
-9,329	Unpaid benefits	-6,108
-3,604	Other current liabilities	-3,960
-12,933	**Total current liabilities**	**-10,068**

Further analysis by type of body:

2013-14 £000	Current liabilities by type of body	2014-15 £000
-3,604	Central government bodies	-3,960
0	Other local authorities	0
0	NHS bodies	0
0	Public corporations and trading funds	0
-9,329	Bodies external to general government	-6,108
-12,933	**Total current liabilities**	**-10,068**

Note 24. 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 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 300 UK companies, almost 900 foreign companies, and a range of unit trusts and managed Funds.

Risk is controlled by reviewing on a continuous basis the risk attached to the Fund's asset allocation relative to the fund-specific benchmark, to ensure that any major divergence from the benchmark is acceptable. Mercer Investment Consulting completed an Investment Strategy Review for WYPF in 2008, and this has provided details of the risks associated with adopting the fund-specific benchmark and variations from it.

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.

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 are 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 2014/15 reporting period.

Asset type	2014-15 Potential market movement +/- (%pa)	2013-14 Potential market movement +/- (%pa)
UK equities	10.2	12.2
Overseas equities	8.9	11.4
UK gilts	6.0	5.4
UK corporate bonds	5.1	5.1
UK index-linked	7.7	7.4
Overseas bonds	8.8	7.6
Alternatives (universe)	5.3	4.3
Property	3.3	2.0
Cash	0.1	0.0

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years.

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

Asset type	Value as at 31st March 2015	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK Equities	3,973,559	10.2	4,378,862	3,568,256
Overseas Equities	4,000,453	8.9	4,356,493	3,644,413
UK Gilts	475,130	6.0	503,638	446,622
UK Corporate bonds	394,612	5.1	414,737	374,487
UK Index-Linked	551,458	7.7	593,920	508,996
Overseas bonds	283,147	8.8	308,064	258,230
Alternatives (universe)	879,648	5.3	926,269	833,027
Property	480,834	3.3	496,702	464,966
Cash	181,000	0.1	181,181	180,819
Other investment assets	41,056	0.0	41,056	41,056
Other investment liabilities	-6,000	0.0	-6,000	-6,000
Total Investment Assets	**11,254,897**		**12,194,922**	**10,314,872**

Asset type	Value as at 31st March 2014	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK Equities	3,842,222	12.2	4,310,973	3,373,471
Overseas Equities	3,320,397	11.4	3,698,922	2,941,872
UK Gilts	390,878	5.4	411,985	369,771
UK corporate bonds	363,701	5.1	382,250	345,152
UK Index-Linked	538,327	7.4	578,163	498,491
Overseas bonds	262,648	7.6	282,609	242,687
Alternatives (universe)	860,968	4.3	897,990	823,946
Property	328,943	2.0	335,522	322,364
Cash	318,967	0.0	318,967	318,967
Other investment assets	87,526	0.0	87,526	87,526
Other investment liabilities	-7,675	0.0	-7,675	-7,675
Total Investment Assets	**10,306,902**		**11,297,232**	**9,316,572**

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 direct exposure to interest rate movements as at 31st March 2015 and 31st March 2014 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

31st March 2014	Asset type	31st March 2015
£000		£000
318,967	Cash deposits	181,000
22,900	Cash balances	25,012
341,867	**Total**	**206,012**

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	Carrying amount as at 31st March 2015	Change in year in the net assets available to pay benefits	
		+100BPS	-100BPS
	£'000	£'000	£'000
Cash deposits	181,000	1,810	-1,810
Cash balances	25,012	250	-250
Total change in assets available	**206,012**	**2,060**	**-2,060**

Asset type	Carrying amount as at 31st March 2014	Change in year in the net assets available to pay benefits	
		+100BPS	-100BPS
	£'000	£'000	£'000
Cash deposits	318,967	3,190	-3,190
Cash balances	22,900	229	-229
Total change in assets available	**341,867**	**3,419**	**-3,419**

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 table summarises the Fund's currency exposure as at 31st March 2015 and 31st March 2014:

Currency exposure - asset type	Value as at 31st March 2015	Value as at 31st March 2014
	£000	£000
Overseas quoted fixed interest securities	222,798	193,571
Overseas unquoted fixed interest securities	3,690	8,779
Overseas quoted equities	3,556,023	2,953,532
Overseas unquoted equities	444,430	366,865
Overseas quoted index linked securities	56,659	60,298
Overseas unit trusts	482,102	462,934
Overseas Property funds	46,454	28,621
Total overseas assets	**4,812,156**	**4,074,600**

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be 5.6%, (2013/14 5.7%).

A 5.6% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Asset type	Value as at 31st March 2015	Value on increase	Value on decrease
	£000	£000	£000
Overseas quoted fixed interest securities	222,798	235,275	210,321
Overseas unquoted fixed interest securities	3,690	3,897	3,483
Overseas quoted equities	3,556,023	3,755,160	3,356,886
Overseas unquoted equities	444,430	469,318	419,542
Overseas quoted index linked securities	56,659	59,832	53,486
Overseas unit trusts	482,102	509,100	455,104
Overseas Property funds	46,454	49,055	43,853
Total overseas assets	**4,812,156**	**5,081,637**	**4,542,675**

Asset type	Value as at 31st March 2014 £000	Value on increase £000	Value on decrease £000
Overseas quoted fixed interest securities	193,571	204,605	182,537
Overseas unquoted fixed interest securities	8,779	9,279	8,279
Overseas quoted equities	2,953,532	3,121,884	2,785,180
Overseas unquoted equities	366,865	387,776	345,954
Overseas quoted index linked securities	60,298	63,735	56,861
Overseas unit trusts	462,934	489,321	436,547
Overseas Property funds	28,621	30,252	26,990
Total overseas assets	**4,074,600**	**4,306,852**	**3,842,348**

b) 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 stock on loan managed by our custodian HSBC is fully indemnified by HSBC. Stock lending and the associated collateral at the year end are detailed in note 17.

c) 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 cash flow matching mandates from the main investment strategy to meet pensioner payroll costs; and also cash to meet investment commitments.

Note 25. Related party transactions

In accordance with IAS24 Related Party Disclosures, material transactions with related parties not disclosed elsewhere are detailed below.

Bradford Metropolitan District Council is a related party in its role as the Administering Authority for West Yorkshire Pension Fund.

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 28. Contributions in respect of March 2015 payroll are included within the debtors figure in note 22.

UK Central government bodies are related parties and balances outstanding are included within the creditors figure in note 23.

Administering body
In 2014/15, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £605,840 in respect of support services provided (£596,850 in 2013/14). The charge included accommodation, financial, legal and information technology services.

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. Of these members (insert number) 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.
From 1st April 2014 Councillors were no longer entitled to join the scheme and current councillor members will cease their participation when their current term ends.

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 £116,145 (2013 £117,600). Details of the remuneration for these two posts are included in Note 30 of the City of Bradford Metropolitan District Council's statement of accounts.

The Fund has an investment in Montanaro European Smaller Companies Fund plc, which at 31st March 2015 was valued at £19.2m, and has an original cost of £4.9m. There has been no investment activity with the Fund during 2014/15. Rodney Barton, the Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc, for which he is paid a fee.

Note 26. Contingent liabilities and contractual commitments

At 31st March 2015 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31st March 2015 £m	Un-drawn commitments £m
Private equity	624.6	445.4
Property funds	480.8	57.2
Global bonds	0	0
Total	**1,105.4**	**502.6**

At 31st March 2014 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31st March 2014 £m	Un-drawn commitments £m
Private equity	530.4	352.9
Property funds	323.0	78.8
Global bonds	322.7	18.7
Total	**1,176.1**	**450.4**

Note 27. Accounting Developments

In preparing this account West Yorkshire Pension Fund has adopted all current account standards and December 2013 improvements to IAS 40 – Investment Properties and IFRS 13 Fair Value Measurement.

The impact of accounting standards issued but not adopted has been assessed as non-material to the Fund's financial statements.

Note 28. Statement of Investment Principles

The West Yorkshire Pension Fund has prepared a Statement of Investment Principles (SIP) in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999. The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 76A of the Local Government Pension Scheme Regulations 1997 (as amended). Full details of the SIP and the FSS are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wypf.org.uk.

Note 29. List of Participating Employers Contributing to the Fund

In 2014/15 408 employers paid contributions into the Fund, at the end of the year there were 383 employers with active members.

Bradford Council
Leeds Council
Calderdale MBC
Kirklees Council
Wakefield MDC
Abbey Grange CE Academy
Abbey Park Primary Academy
Absolutely Catering Ltd (BGS)
Ackworth Parish Council
Affinity Trust
Aire Valley Homes (Was Leeds South Homes)
Aireborough Learning Partnership Trust
Airedale & Wharfedale College
Airedale Academy
All Saints CE Jnr School
Alwoodley Parish Council
Amey Community Ltd (Bfd Bsf Phase 1 FM Services)
Amey Community Ltd Bradford Bsf Phase 2 FM Services
Amey Community Ltd Bradford Bsf Phase 2 ICT Services
Amey Infrastructure Services Ltd (Wakefield)
Amey Lg Ltd (Calderdale)
Appleton Academy
Arts Council England
Aspens Services Ltd
Aspens Services Ltd (Leeds West Academy)
Aspire-i
B B G Academy
Bardsey Primary Foundation School
Barnardos (Askham Grange Prison)
Barnardo'S (Leeds Portage)
Batley Girls Academy
Batley Grammar School
Beech Hill School
Beeston Primary Trust
Belle Isle Tennant Management
Belle Vue Girls Academy
Bid Services
Bingley Grammar School
Birstall Primary Academy
Bishop Wheeler Catholic Academy Trust
Blessed Peter Snow CA Trust (Kirklees)
Bolton Brow Primary Academy
Boothroyd Primary Academy
Boston Spa School
Bradford Academy
Bradford College
Bradford College Education Trust
Bradford Councillors
Bradford Diocesan Academies Trust
Bradford District Care Trust
Bradford District Credit Union
Bradford Family Service Unit
Bradford Studio School
Bradford University
Bradshaw Primary School
Bramley St Peter'S C Of E School
Brighouse Academy
Brighter Futures Academy Trust
Brooksbank School Sports College
Bruntcliffe Trust School
Bullough Contract Services (Bingley Grammar School)
Bulloughs Contract Services (Oakbank)
Bulloughs Contract Services Ltd
Bulloughs Contract Services Ltd (Brighouse Academy)
Burnley Road Academy
Buttershaw Business & Enterprise College
CAFCASS
Calderdale & Kirklees Careers
Calderdale College
Calverley C Of E Primary School
Care Quality Commission
Carillion
Carroll Cleaning Company Ltd (Calderdale)
Carroll Cleaning Company Ltd (Wakefield)
Carroll Cleaning Company Ltd (Whetley)
Carroll Cleaning Co Ltd (Birkenshaw Primary School)
Carroll Cleaning Co Ltd (Bolton Brow Academy)
Carroll Cleaning Co Ltd (Holy Trinity Primary)
Carroll Cleaning Co Ltd (Lee Mount Primary School)
Carroll Cleaning Co Ltd (Ravenscliffe High School)
Carroll Cleaning Co Ltd (Shade Primary School)
Carroll Cleaning Co Ltd (St Joseph'S Bradford)
Carroll Cleaning Company (Crofton Academy)
Carroll Cleaning Company Limited (Frizinghall)
Carroll Cleaning Company Limited (Thornbury)
Castle Hall Academy
Castleford Academy
Cater Link Ltd (Crigglestone St James Primary Academy)
Catering Academy
Catering Academy (BGS)
Catholic Care
Chief Constable For West Yorkshire
Christchurch CE Academy
Clayton Parish Council
Coalfields Regeneration
Cockburn High School Trust
Colne Valley High Academy
Community Accord
Compass (Radillion) Leeds PFI Schools
Compass Contract (Buttershaw School)
Compass Contract Services
Compass Contract Services (Spta)
Compass Contract Services (UK) Ltd
Compass Contract Services (UK) Ltd (Chartwells)
Compass Contract Services (UK) Ltd (Minsthorpe Acad)
Co-operative Academy Of Leeds
Cottingley Primary Academy
Craft Centre & Design Gallery Ltd
Crawshaw Academy Trust
Creative Support Limited
Crescent Further Education Limited
Crigglestone St James CE Primary Academy
Crofton High Academy
Darrington C Of E Primary School
David Young Community Academy
De Lacy Academy
Deighton Gates Primary Foundation School
Denby Dale Parish Council
Diamond Wood Community Academy
Dixons Academies Charitable Trust
Dixons City Academy
Dixons Marchbank Academy
East Garforth Primary Academy
Education Leeds Ltd
Elite Cleaning & Environmental Services Ltd
English Basketball
Enviroserve (Shelf J & I School)
Featherstone Academy
Feversham College Academy
Feversham Primary Academy
Fieldhead Junior Infant & Nursery Academy
First West Yorkshire
Fleet Factors (Limited)
Foundation Housing
Foxhill Primary School
Gawthorpe Community Academy
Green Lane Academy
Greenhead College
Greenvale Homes
Greetland Academy

Groundwork Wakefield
Halifax High
Halifax Opportunities
Halifax Opportunities Trust (Calderdale)
Hanson School
Harden Primary School
Harrison Catering Service Ltd
Havercroft Academy
Heath View Academy
Hebden Royd Town Council
Heckmondwike Grammar School Academy
Hemsworth Academy
Hemsworth Town Council
Hepworth Gallery Trust
Hill Top First School
Hipperholme & Lightcliffe Academy
Hochtief Facility Management UK Ltd
Hollingwood Primary School
Hollybank Trust
Holme Valley Parish Council
Holy Trinity Academy
Home Farm Trust
Horbury Academy
Horbury Bridge CE J & I School
Horsforth School Academy
Horsforth Town Council
Horton Housing Association (CSL)
Horton Housing Association (OPHRS)
Huddersfield New College
Huddersfield University
Hugh Gaitskell Primary School Trust
I S S Facilities Services Ltd
igen
igen Ltd
Ilkley Grammar School Academy
Ilkley Parish Council
Incommunities
Ind Clean Serv Ltd
Initial Catering Services
Initial Facilities Management Ltd
Interserve (Facilities Management) Ltd
Interserve (FM) Ltd (P.C.C For West Yorkshire)
Interserve Academies Trust Ltd (Crawshaw Academy)
Interserve Project Services Ltd
Iqra Academy
Jerry Clay Lane Academy
John Smeaton Academy
Keelham Primary School
Keepmoat Property Services Ltd
Keighley Town Council
Khalsa Science Academy
Killinghall Primary School
King James School
King's Science Academy
Kirkburton Parish Council
Kirklees Active Leisure
Kirklees College
Kirklees Councillors
Kirklees Neighbourhood Housing
Knottingley St Botolphs C Of E Academy
Lady Elizabeth Hastings
Laisterdyke Gm Middle
Leeds Beckett University
Leeds Cc Councillors
Leeds Centre For Integrated Living
Leeds Citizens Advice Bureau
Leeds City Academy
Leeds City College
Leeds College Of Art & Design
Leeds College Of Building
Leeds College Of Music
Leeds East Academy
Leeds East Primary Partnership Trust
Leeds East-North East Homes
Leeds Grande Theatre & Opera House
Leeds Groundwork Trust
Leeds Housing Concern
Leeds Institute For The Blind
Leeds Metropolitan University
Leeds Mind
Leeds North West Education Partnership
Leeds Racial Equality
Leeds Trinity University College
Leeds West Academy
Leeds West-North West Homes
Liberty Gas Group Ltd
Lidget Green Community Co-Operative Learning Trust
Lightcliffe CE J&I School
Lighthouse School
Lindley C E Infant Academy
Lindley Junior School Academy
Local Government Yorkshire & Humberside
Longroyde Junior School
LPM Cleaning Ltd
Luddendenfoot Grammar
Making Space
Manston St James Academy
Mears Facilities Services (South)
Mears Facilities Services (West)
Mears Ltd
Mellors Catering Services (Leeds City College)
Mellors Catering Services (Southfield Grange)
Meltham Town Council
Menston Parish Council
Merlin Top Primary Academy
Micklefield Parish Council
Middleton Primary School Trust
Minsthorpe Academy Trust
Mirfield Free Grammar Academy
Mitie (PFI Ltd)
Mitie Pest Control
Moor End Academy Trust
Morley Town Council
Mount Pellon Primary Academy
Myrtle Park Primary School
N I C Services Group Ltd (Cookridge Holy Trinity School)
National Assembly For Wales
National Coal Mining Museum
New College Pontefract
NIC Services Group Ltd
Normanton Town Council
North Halifax Grammar Academy
North Halifax Partnership Ltd
North Kirklees Cab
Northern School Of Contemporary Dance
Northorpe Hall Trust
Notre Dame 6Th Form College
NPS (NE) Ltd
NPS Leeds Limited
Oakbank School
Oakworth First School
Oasis Academy Lister Park
Ofsted
Old Earth Academy
One In A Million Free School
Open College Network Yhr
Ossett Academy & 6Th Form College
Ossett Pension (Trust)
Otley Town Council
Our Lady Of Victories Catholic Primary Academy
Outwood Grange Academy
Outwood Primary Academy Kirkhamgate
Outwood Primary Academy Ledger Lane
Outwood Primary Academy Lofthouse Gate
Overthorpe C Of E Academy
Park Lane Learning Trust
Pennine Housing 2000 Limited
People In Action
Pinnacle Business Services (Leeds)
Pinnacle Ltd (Kirklees)

Pontefract Academies Trust
Pontefract Education Trust
Pool Parish Council
Priesthorpe Academy
Primrose Lane Primary Foundation School
Prince Henrys Grammar
Prospect Services
Prospects Services Ltd 2012 (Bradford)
Pudsey Grangefield Trust
Purston E-Act Academy
Rainbow Primary Free School
Rastrick High School Academy Trust
Rawdon Parish Council
Ripon Diocesan C Of E Council For Social Aid-Cardigan House
Ripon House
RM Education PLC
Rodillian Academy
Rooks Nest Academy
Rothwell Church Of England Primary Academy
Royds Community Association
Royds Learning Trust
Russell Hall First School
Ryburn Valley Academy
Ryburn Valley High School
Ryecroft Primary Academy
Ryhill Parish Council
Salendine Nook Academy Trust
Salterlee Academy Tust
Samuel Lister Academy
Sandal Magna Community Academy
School Partnership Trust Academies
Schools Lettings Solutions (Freeston Academy)
Schools Linking Network
Schools Partnership Trust Academies
Scout Road Academy
Sea Fish Industry
Shanks Waste Management Ltd
Shelley College
Shibden Head Primary Academy
Shipley College
Shirley Manor Primary Academy
Simpsons Lane Academy
Sita UK Ltd
Skills For Care
South Elmsall Town Council
South Hiendley Parish Council
South Leeds Academy
South Ossett Infants
Southern Electric
Southfield Grange Trust
Southmere Primary Academy
St Anne’s Catholic Primary Academy
St Anne’s Community Services
St Anne’s Community Services (Bradford)
St Chad’s C Of E Primary School
St Giles Church Of England Academy
St Helen’s CE Primary Academy
St John's (CE) Primary Academy Trust
St John’s CE Primary School
St John’s Hostel
St John’s Primary Academy Rishworth
St Michael & All Angels School
St Michael’s CE Academy
Swallow Hill Community College Academy
Taylor Shaw
Taylor Shaw Ltd (Batley Girls High School)
Taylor Shaw Ltd (Fieldhead Grimes Manston)
Taylor Shaw Ltd (Parklands Primary)
Taylorshaw Ltd (Crossgates Beechwood Whitelaith)
The Anah Project
The Beckfoot & Hazelbeck Academy Trust
The Bishop Konstant Catholic Trust
The Cathedral C Of E
The Crossley Heath Academy Trust
The Farnely Academy
The Freeston Academy
The Gorse Academies Trust
The Lantern Learning Trust
The Maltings Learning Trust
The Morley Academy
The Police & Crime Commissioner For West Yorkshire
Thornhill Community Academy
Thornton Grammar School
Todmorden Town Council
Tong High School
Trinity Academy Halifax
Turning Point
United Response
University Academy Keighley
UPP Residential Services
Wakefield & District Housing
Wakefield City Academy
Wakefield College
Wakefield Councillors
Waterton Academy Trust
West End Academy
West Vale Primary School
West Yorkshire Combined Authority
West Yorkshire Police Authority
West Yorkshire Probation
West Yorkshire Transport Service
West Yorkshire Valuation Tribunal
West Yorkshire ITA
Westborough High School
Westwood Primary School Trust
Wetherby Town Council
Whitehill Community Academy
William Henry Smith School
Willow Green Academy
Woodhouse Grove School
Woodkirk Academy
Woodside Academy
WRAT - Leeds East Academy
WRAT - Leeds West Academy
WY Fire & Rescue
WYPTE
Yorkshire Housing Ltd
YPO

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).

Service Reporting Code of Practice (SeRCOP)

Authorities must follow this code when presenting financial reports. By establishing a common framework it enables comparisons to be made between authorities. It prescribes the service headings into which costs should be grouped. It also ensures that all relevant costs are charged to services, including central overheads and capital charges.

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.

Government Grants Deferred Account
The Council receives grants and other external contributions toward the cost of fixed assets. This creates an interest in the resulting assets on the part of the grant giving bodies. This interest is represented in the Council's Balance Sheet by the Government Grants Deferred Account. The balance on the account is written down at the same rate as the assets are depreciated.

Group Accounts
Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the Council's own accounts to present a complete picture of the Council's activities.

Heritage Assets
These are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental of historical associations.

International Financial Reporting Standards (IFRS)
These are accounting standards issued by the International Accounting Standards Board.

Impairment
A diminution in value of fixed assets resulting from obsolescence, physical damage or general market conditions. The Council undertakes annual reviews of its assets to identify impairment.

Comprehensive Income and Expenditure Statement
This statement is compiled in accordance with IFRS and reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets
These are assets such as highways and footpaths.

Investments
These may be long-term investments whose purpose is to produce capital gain and rental income, or the short-term investment of cash balances that may arise from day to day management of the Council's cash flow.

Investment Properties
Land and buildings that are held for capital gain and rental income and not for the provision of services.

Joint Venture
A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities
Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Local Area Agreement (LAA)
The LAA is a partnership between the Council and other public bodies whose aim is to work together towards jointly agreed objectives to improve local public services. The Council's LAA partners comprise local health bodies, learning bodies, community groups, housing associations and voluntary associations.

Materiality
An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)

This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the Council's capital financing requirement at the start of the year.

Non Current Assets

Assets that yield economic benefits to the Council for a period of more than one year. Examples include land, buildings, vehicles and investment property.

National Non-Domestic Rates (NNDR)

These are rates levied on business properties. The level of NNDR charges is set by the Government. NDR income is pooled nationally and re-distributed to authorities on the basis of population.

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 fair value in use. PPE also includes equipment like vehicles, which are valued at historic cost.

Precept

The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the Council Tax.

Prior Year Adjustments

Material adjustments applicable to prior period, arising from changes in accounting policies or from other corrections.

Private Finance Initiative (PFI)

A central government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code

The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties

Individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure

Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Amounts properly incurred as capital expenditure, but where no Council asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Revenue Reserve

Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)

A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the Council has control or has the right to exercise dominant influence (see also Group Accounts).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards for financial reporting standards, which have been replaced by International Financial Reporting Standards from 2010-11 onwards.

Acronym	Full Description
AVCs	Additional Voluntary Contributions
BID	Business Improvement District
BDCT	Bradford District Care Trust
BPS	Base Points
BSF	Building Schools for the Future
BMW	Biodegradable Municipal Waste
CAA	Capital Adjustment Account
CCG	Clinical Commissioning Group
CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSR	Comprehensive Spending Review
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
EUV	Existing Use Value
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
IT	Information Technology
JANES	Joint Arrangement which is not an Entity
LAA	Local Area Agreement
LATS	Landfill Allowances Trading Scheme
LEA	Local Education Authority
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option
MAP	Management Action Plans
MDCs	Metropolitan District Councils
MRP	Minimum Revenue Provision
NEET	Young people Not in Education, Employment or Training
NDR	Non Domestic Rates
NNDR	National Non Domestic Rates
NJC	National Joint Council
OJC	Officers' Joint Council
PCT	Primary Care Trust
PFI	Private Funding Initiative
PfS	Partnership for Schools
PPE	Property, Plant & Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index

RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice
SIP	Statement of Investment Principles
SOLACE	Society of Local Authority Chief Executives
WDA	Waste Disposal Authority
WYPF	West Yorkshire Pension Fund
WYITA	West Yorkshire Integrated Transport Authority
VAT	Value Added Tax
YPO	Yorkshire Purchasing Organisation

ANNUAL GOVERNANCE STATEMENT 2014-15

1. Scope and Purpose

1.1 Scope of Responsibility

The City of Bradford Metropolitan District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, as well as arrangements for the management of risk.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

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

2.1 Code of Corporate Governance.

The Council has approved and adopted a code of corporate governance which is consistent with and founded on the six core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

2.2 The Constitution of the Council

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

2.3 Identification and communication of a clear vision of the Council's purpose, its shared priorities with its partners and intended outcomes for citizens and service users.

The Council has recently conducted a review of its purpose which sets out the Council's role in contributing to the overarching district vision and feeds into other corporate agendas. That purpose is to work with people and partners for a healthier, caring, more prosperous and sustainable Bradford District. The Council has also confirmed its commitment to its core values, which will be emphasised in further staff development programmes to ensure all staff apply them to their work.

In developing a response to the increased budgetary pressures created by reduced resources and increased demand, the Council has identified five key outcomes:

1. Better Skills More Jobs and a Growing Economy
2. Good Schools and a Great Start for All Our Children
3. Better Health, Better Lives
4. Safe, Clean and Active Communities
5. Decent homes that people can afford to live in.

These outcomes have been agreed by Executive members and shared with area committees and corporate overview and scrutiny committee, as well as Bradford District Partnership board and strategic partnerships. Further partner engagement to ensure support and commitment is currently being progressed via a series of workshops planned for June / July 2015.

2.4 Review of the Council's vision and implications for its governance arrangements.

In addition to the review of its purpose, the work undertaken in developing the Council's New Deal has identified seven principles to shape the nature of the Council's transformation:

1. Enabling Community Leadership
2. Integrated Local State
3. Reducing Demand, Changing Expectations and Behaviour
4. Investing in Prevention and Early Intervention
5. Reducing Inequalities and Tackling Poverty
6. Subsidiarity
7. Productivity and Value for Money

These principles have also been agreed by Executive members and shared with area committees, corporate overview and scrutiny committee, Bradford District Partnership board and strategic partnerships.

Key messages have been developed to ensure consistent communication with citizens. A communications strategy has been produced and is currently being delivered. This will align with subsequent budget communications where specific service delivery proposals will be shared with the public and service users in advance of consideration for approval.

Delivery of transformational priorities is supported by the Medium Term Financial Strategy which serves also to guide departmental/service plans and support the Corporate Management Team's day to day management of the business.

All change activity arising from planning and budgetary decisions is controlled using programme and project management which provides the mechanism for Departmental and Corporate leaders to deliver Executive decisions.

2.5 Business continuity management.

The Council is committed to providing for business continuity, as detailed in the Civil Contingencies Act 2004, to ensure it can provide all its key functions in the event of an emergency or disruption, so far as is practicable. Assistant Directors lead on business continuity planning within their service areas. The Emergency Management Team has put in place the policy and framework which sets out the Council's approach to business continuity management.

2.6 Measuring the quality of services for users, ensuring services are delivered in accordance with the Council's objectives and represent the best use of resources.

- The Council uses corporate and departmental service level performance measures to report and manage service delivery.
- The Annual and Mid-year Finance and Outturn Performance Reports, and Quarterly Financial Monitoring Reports, present to the Executive and Corporate Overview & Scrutiny the current and forecast position on performance and finance in relation to the Council's activities. The report sets out the key areas of progress, the key issues, areas for continued attention in relation to the Council's corporate priorities and actions to address any areas of underperformance.
- The Council now has a well established way of measuring productivity and financial activity data to ensure that it is using its resources efficiently and providing value for money.
- A set of Corporate Indicators is in place that focuses on key Council priorities. The Corporate Performance Framework is revised in line with the changes to our performance arrangements. Performance will continue to be monitored through Departmental Management Teams, CMT, Council's Policy Programmes and Change Service within the Chief Executive's department, Executive and Overview & Scrutiny Committees.
- There are service specific customer feedback and user engagement mechanisms in place, and user-specific engagement methodologies such as Learning Disabilities Partnership and Easier Access events that allow the Council systematically to gather customer insight.
- The Council continues to face significant budgets cuts and a rising demand for services. In order to help effect the future shape of the Council, it and its partners have invested in a wide ranging programme of consultation and engagement. The Council continues to use a range of tools to secure value for money, which are continuously developed. They include, for example, improved procurement processes, benchmarking, finance and activity costing, competitive tendering, external peer review, business case appraisals, investment models, contract mechanisms and pricing regimes.
- Additionally the Council's system of internal control is designed to support effective and efficient use of resources.

2.7 Defining the roles and responsibilities of the Executive, the non-executive, scrutiny and officer functions including clear delegation arrangements and protocols for effective communication.

- A clear statement of the respective roles and responsibilities of the Executive, the members and senior officers including delegation arrangements and protocols for effective communication of committee decisions, can be found in the Council's constitution.
- In addition, the Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government 2010"
- Job descriptions and personnel specifications for all senior officers detail their key responsibilities.

2.8 Embedding and communicating codes of conduct defining the standards of behaviour for members and staff across the organisation.

The Council has approved a Code of Conduct for Elected Members and a procedure for dealing with complaints. In addition, the Standards Committee's role was retained to have responsibility for overseeing the operation of the Code and for promoting high standards of conduct.

In addition, the Council's Constitution establishes:-

- A protocol on member-officer relations providing rules and guidance for members, co-opted members and officers in their working relations.
- Protocols for members on gifts and hospitality and members use of Council resources including the use of email and the internet.
- Members and officers have been provided with guidance on the framework within which they are required to undertake their different roles.
- A code of conduct for employees of the Council.

2.9 Standing orders, standing financial instructions, a scheme of delegation and documented supporting procedures and strategies which clearly define how decisions are taken and how the processes and controls required to manage risks are implemented.

- Council standing orders for contracts and financial regulations are contained in the Constitution of the Council. They are subject to annual review by officers before approval at the Governance and Audit Committee and adoption by full Council at the annual meeting.
- Key control booklets are maintained by Internal Audit, updated as required and placed on the Council's intranet.
- A scheme of delegation is provided in the Council's constitution.
- Additionally the Council has 6 Overview and Scrutiny Committees which are required to contribute to the better decision making of the council, and secure continuous improvement in service delivery
- Area Committees enable local communities to participate in Council activities
- The Council has adopted a Risk Management Strategy and maintains both corporate and service risk registers which identify actions required to mitigate any risks identified. The registers are regularly maintained, reviewed and updated. In 2015-16 further work on risk management will be required to establish the appropriate reporting structure.
- Risk management training is standard within project management and at particular key stages of project implementation.

2.10 Arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures, that expenditure is lawful and an anti fraud and corruption strategy, all monitored by the Governance and Audit Committee.

- The Council's Monitoring Officer is required to maintain an up to date version of the Constitution and to make amendments and/or improvements as necessary to take account of changes in legislation, guidance, Council policy, decisions of the Council and the Executive.
- The Monitoring Officer, following consultation with the Chief Executive and the Section 151 Officer, is required to report to the Executive if he/she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. To assist the Monitoring Officer in this role, Legal Services monitor new legislation and disseminate this information to service departments.
- The Section 151 Officer is similarly required to report to the Executive and the Council's External Auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is likely to cause a loss or deficit.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.
- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The reports of Internal and External auditors consider and inform compliance with regulations, policies and procedures.
- The Council has established internal control procedures designed to support compliance with established policies, practices, laws and regulations and to safeguard the Council's assets and interests from loss
- All reports to Executive must be cleared by a member of the Council's Management Team, the Monitoring Officer and the Director of Finance.

2.11 Information governance arrangements

- A separate and independent information security team supports the Senior Information Risk Owner (SIRO) to discharge his responsibilities in championing an information security culture, establishing policy, practice, process, training, knowledge and technology, and assessing the effectiveness of those arrangements.
- The SIRO is supported by a distributed network of Information Asset Owners (at Assistant Director level) who in turn are supported by department and or system-specific information security managers
- The Bradford team liaises closely with peer function in other public bodies in West Yorkshire and beyond, and with the Information Commissioner's Office (ICO)

2.12 Arrangements supporting whistle blowing and for receiving and investigating complaints from the public.

- The Council has a whistle blowing policy embodied in the Confidential Reporting Code for Employees. This can be accessed on the Council's web site.
- Under the Articles of the Constitution, the Governance and Audit Committee has a function to consider the effectiveness of the control environment and associated anti-fraud and anti-corruption arrangements.
- The Section 151 Officer has dedicated resources to undertake independent investigations and report on allegations of impropriety.

- The Council has a formal 'Comments, Complaints and Compliments' procedure on the "Contact us" section of the Council's website. All members of the public have the right to complain to the Council in writing, by telephone or by speaking to a member of staff.

2.13 Developing the needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- The Council is committed to supporting members in undertaking their varied and evolving roles and responsibilities. A Member Learning and Development Strategy is in place supported by a Member Development Programme which is run on a quarterly basis by the Human Resources Department.
- The Strategy introduces the key learning and development aims and objectives. It also identifies actions that will be taken to ensure all councillors have access to learning and development opportunities appropriate to their needs. The aim of this is to help councillors carry out their roles efficiently and effectively.
- The Council recognises that alongside members, employees are an important resource - the development of the two goes hand in hand. The Council's talent management provides a focus on effective workforce planning and development, embracing leadership and skills training for all staff.

2.14 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging dialogue.

- The Council has five Area committees to encourage community engagement and participation.
- A principal form of securing dialogue with communities is by establishing and operating neighbourhood and ward forums.
- The Council supports a process of engagement with the District's communities of interests that complements our place based structures.
- Overview and scrutiny arrangements provide for meetings to be open to the public, except where confidential information or exempt information is likely to be disclosed.
- The Council's website and App provide a communication and wide ranging information link.
- The Council provides information and news using social media.
- The Council's Contact Centre and face to face Customer Service Centres provide easy access to Council services and information.
- An extensive programme of consultation on the annual budget generated considerable engagement and input into the establishment of the Council's budget priorities.
- An initial phase of consultation around the "New Deal" has focused upon raising awareness of the financial and demand challenges facing the district, confirming what matters most to local people and exploring public expectations and aspirations for involvement in future delivery.
- Equality Impact Assessments were developed as part of the Council's budget setting process. These will be reviewed and updated as changes and recommendations arise.
- The Annual Statement of Accounts provides a report on the Council's financial activities for the year.
- Publications, media, including social media, the Council's website. App and other publicity arrangements provide communication channels with the district's citizens.
- Financial information, including details of efficiency savings, is issued with Council Tax bills.
- The Council has published a contracts register (which will be updated quarterly) and a grants register (which will be updated annually) in accordance with the Local Government Transparency Code.

2.15 Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements.

- The role of the Governance and Audit Committee includes maintaining an overview of the Council's partnership arrangements and overseeing any action plans for improvement arising, for example, from inspection reports.
- The Council has an agreed approach to collective bargaining with the recognised Trade Unions. This is undertaken through consultation and negotiation and is enshrined within the Council's Industrial Relations Framework. The Council takes a partnership approach to Industrial Relations, using the Industrial Relations Framework. This includes regular informal discussions between trade unions and management & formal OJC meetings at all levels across the Council - L1 (Corporate), L2 (Departmental) & L3 (Service). Bradford has benefitted from constructive industrial relations, particularly with regard to the agreement of the new equality proof pay structure and a joint approach to updating collective agreements with Council and Teachers Trade Unions.
- Bradford District Partnership (BDP), as the Local Strategic Partner for the area, ensures that the governance arrangements of the family of partnerships function well, in order to support the delivery of the Bradford District Strategy. The BDP reports to the Governance & Audit Committee on governance and functional business matters and to Overview and Scrutiny Committees on topic based performance and delivery.
- The Schools Forum is effective as the place where resource allocation decisions are made between the Council and the District's schools
- To support the Health and Wellbeing Board, governance arrangements for senior leaders and managers in the health and social care economy have been established to oversee the development of integrated health and social care models, and to ensure oversight of the whole system of public and personal health and social care

3. Review of Effectiveness

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

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

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are reported at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed in the Public Sector Internal Audit standards. A number of operational control issues have been identified from this and action is being taken to put improvements in place.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors.

The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

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

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control. However the Council is not complacent and seeks to continually improve the arrangements it has in place. Whilst recognising improvements to date, the emphasis going forward is to address identified issues and put in place an improvement plan to address known areas of concern. The Governance and Audit Committee will be kept informed of progress.

In the 2013-14 Annual Governance Statement a number of specific risks were identified that have been monitored through the year. Progress on these was reported to the Governance and Audit Committee in a detailed public report on the 23rd January. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2014-15 financial year a number of risks are continuing to be monitored and remain high profile in 2015-16.

5. Governance challenges previously recognised and concluded during the year

5.1 Children and Families Act

A new single family court called 'The Family Court at Leeds' is now embedded. The applications to court are immediately screened by the court staff and directed to magistrates or Judges depending on the complexity of the case. There are regular meetings between the courts, judiciary, Legal and Children's Services to ensure that the process is running smoothly. Bradford remains within the statutory 26 week time limit for care proceedings through tight oversight by a dedicated officer of the Council.

There are new duties on local authorities to former foster children – this duty is for Councils to provide continued foster care to young people post 18 to the age of 21. The scheme is called 'Staying Put' and requires us to fund continuing care after young people reach adulthood. Forty young people are being supported and there is inadequate central government funding for the new duties. However this is currently being met and managed with existing budget allocation to the leaving care service.

Placing for adoption – there has been significant investment through the Adoption Reform Grant over the last two years to speed up and improve the adoption process for children. The aim was to reduce the number of children waiting for adoption and in Bradford there are no children waiting for a family.

Reform of special educational needs – good progress has been made and major changes implemented. All Councils have to publish a 'Local Offer' for children and families with a disabled child. Parents and young people have designed, tested and launched the Local Offer website for Bradford. It is rated highly by the Department for Education. It can be accessed here: http://localoffer.bradford.gov.uk/. Statements of Special Educational Needs are being phased out and converted to Education Health and Care Plans, this is requiring additional resource to undertake the work and Government funding is being used to recruit temporary staff. There is a new assessment and care plan process in place.

5.2 Reorganisation of Children's Centres

A Project Board, including officers of the Council and trades union representatives was set up to consider the implications following statutory consultation. A paper was taken to the Council Executive, outlining the need to move from 41 children's centres to 7 clusters offering children's centre services. The Executive's decision was subject to call in. Following a debate at Overview & Scrutiny Committee, revised proposals were agreed by the Executive on 2 December 2014.

One cluster, operated by the Local Authority, is planned to commence operations on 1st July 2015. Three other clusters, to be secured through a tendering process, are to be managed by nursery schools (this was open to all schools who presently run centres but only nursery schools have indicated an interest). It is planned that these clusters will begin operation 1st September 2015. The three remaining clusters will be open to procurement, date to be confirmed.

Budget estimates have taken note of the delayed timescales (from the anticipated 1 April 2015 date of operation) and contingency plans have been put in place to manage the budget short-fall.

The Project Group, with support from Human Resources and Legal Services, is working on the personnel and HR issues relating to transfer of staff including TUPE of some staff to (potentially) new external employers within the clusters. Meetings have been arranged across the District for children's centre managers, staff and head teachers. Consultation meetings with unions and staff on new structures for the 3 clusters to be secured through a tendering process, are planned to commence early June.

Work of the Project Group with Estates Department is focusing on securing existing buildings as future service delivery venues. Analysis work is being carried out on buildings used to provide children's centre activities, but not owned by the Council. This is to minimise the effect of any capital resource claw back from DfE and to ensure availability of suitable delivery venues. Successfully securing external premises is proving complex and is being closely monitored by the Project Board.

Regular reports on progress are submitted to Children & Young People's Overview and Scrutiny Committee.

5.3 Uncertainties about the sustainability of the wider public sector potentially having a direct/indirect impact on Bradford

With minimal influence over how funding reductions applied to other public sector organisations impact on the citizens of the District, the Council's priority is to manage the impact through formal governance arrangements such as the Health and Social Care Integrated Change Board, the Health and Well Being Board and the Bradford Safeguarding Children Board. Regular meetings of West Yorkshire Leaders, Chief Executives and Director of Finance provide a forum to discuss with peers in other public sector organisations the potential impact of cumulative cuts in funding across the District.

5.4 Implementation and effectiveness of the devolution of budgets to Area Committees

The remaining challenges or risks related to :-

Devolution of community development and core costs
Community development and core cost grants have been allocated within the overall framework of Area Committees and devolved services. Ward Officers are now playing a more proactive role in the monitoring of outcomes and this will help to inform and support future decisions on the allocation of funding. The officers responsible for the allocation of funding through the Area Committees have sought advice and guidance from Council support services, including Internal Audit and Commissioning and Procurement.

Transfer of management for Youth Service
The transfer of management of the Youth Service has created the need for training and support and practical changes to some working practice to ensure the safe and effective delivery of the Service, particularly in relation to areas such as safeguarding. In order to reduce the risk and ensure that youth services are delivered as a 'single service' whilst being devolved to constituency areas, a lead post has been retained in Children's Services that works closely with the Area Coordinators. This has proved invaluable in ensuring knowledge transfer and coordination of some central services e.g. youth service building review, district youth offer.

5.5 Integration of Health and Social Care

Integration of the Health and Social Care System continues to be overseen by the Health and Well Being Board and the Integration Change Board (ICB). New Models of Care are progressing well in the Airedale, Wharfedale and Craven Clinical Commissioning Group (CCG) area. New Models of Care for the Bradford City and Districts CCG's are under development. Key areas of integration across the Bradford District and Craven footprint have been agreed by ICB and will progress over the coming year.

The Bradford Better Care Plan is now in its implementation phase with a range of integrated services being expanded across the District to support the overarching plan for integration.

5.6 Care Act 2014

The Care Act 2014 came into effect on the 1st April 2015, the Adult and Community Services Directorate have put in place the necessary changes required to meet the new duties and responsibilities contained therein. The Act is to be implemented in two phases with the second due for 1st April 2016. At present Government is consulting on draft regulations and we await the final statutory regulations. The Directorate has in place a programme of activity linked to the Adults Transformation Programme to develop and implement the proposed changes for April 2016.

5.7 EU Procurement

The Public Contracts Regulations 2015 came into force on 26 February 2015. Staff within Commissioning and Procurement Service have been made aware of the content of the 2015 Regulations and the accompanying Statutory Guidance.

We are in the process of updating our standard procurement documents to reflect the new regulations. A training programme will then be delivered to explain the changes in the standard documents and the detail of the changes introduced by the new Regulations.

Though we continue to make improvements (through continuing education, training and structural management changes), further work is proceeding to ensure the implementation of good procurement practice across all areas of Council spend.

5.8 Delivery of the transparency agenda

The Local Government Transparency Code was published by the Department for Communities and Local Government in May 2014 and was passed through Parliament in September 2014.

The following information must be published annually:

- Local Authority Land
- Grants to Voluntary organisations, community and social enterprises
- Organisational Chart
- Trade Union facility time
- Parking revenues
- Controlled parking spaces
- Senior salaries (employee banding, salaries greater than £50,000)
- Constitution
- Pay multiple (pay policy, pay dispersion etc)

The first quarterly information was published by the deadline of 31st December 2014. The data must be published in an open format so that it can be used for commercial and research purposes. The Code also recommends publication of other data, generally expenditure and procurement information, at lower financial thresholds. The information we have been able to publish is detailed and extensive but although not quite complete, we continue to work to put in place systems which will improve the completeness and accuracy of our published information. Most other local authorities within the region have had similar difficulties.

6. Governance Challenges which require continuing review in 2015/16

6.1 Information Governance

Information Asset Owners (Assistant Directors) have responsibility for their Departmental data assets and to provide written input to the SIRO annually on the security and use of these assets. It is essential for IAO's to continue to contribute to the culture change that has taken place across the organisation, advocating the use of privacy impact assessments and data sharing agreements where necessary.

The Information Assurance Operational Network holds bi-monthly meetings, consisting of IA Administrators, to support the IA Owners to meet their responsibilities. Comprehensive policy and guidance has been developed and a scheduled review was undertaken in April 2015. Compulsory e-learning has been updated, staff receive a link to the training via annual email. Non-compulsory face to face training has been introduced aimed at Managers of staff without access to email.

Procedures are well established for responding to security incidents, Freedom of Information requests, Environmental Information Regulations and Data Protection issues. The Authority will be undergoing an audit by the ICO in December 2015 for which the Council is already preparing.

6.2 Budgetary Reductions

The approach to managing this challenge is set out in the Medium Term Financial Strategy (MTFS) as reported to Executive on 22nd July 2014.

Briefly, the approach to deliver the MTFS will involve a combination of the following -

• Making difficult decisions on what services the Council can afford to provide based on statutory requirements and those that have the greatest impact for the District

• Transforming service delivery to maximise the potential of all the District's assets, Council, other public sector bodies, the private sector or within the community, and exploring creative and innovative ways of delivering services and using resources

• Managing and reducing demand for services through changing citizens' behaviour

• Changing public expectations about the level and scope of Service they can expect from the Council and the role they can play in helping each other achieve positive results in their communities

• Ensuring resources are deployed to:

- achieve an appropriate balance of preventative and reactive services
- ensure the Council can operate effectively at neighbourhood, District and regional level
- maintain cost-effective partnerships, through pooling resources and collaborating with various organisations in the District
- protect frontline services
- achieve the right-size corporate and support services
- reduce the cost of external borrowing in line with funding reductions

- prioritise investment in economic growth and skills in order to reduce pressure on public services and grow both the Council Tax and Business Rates tax bases
- balance recurrent and non-recurrent expenditure, to ensure that investment in capital and in revenue priorities is commensurate with strategic objectives and that Council's assets are usefully deployed.

• Making sure value for money, sustainability, efficiency gains and the effectiveness of resource allocations can be demonstrated across the Council services, partnerships and commissioned service delivery; and that mechanisms are in place by which performance against these can be measured and managed.
• Having in place a robust performance management arrangement which provides an increasingly sophisticated understanding of performance against district wide and local priorities set within the context of the financial outlook.
• Engaging with people, businesses and partners on the New Deal programme to shape the future of the Council and its role.

6.3 Management of Ofsted outcomes

A project board, the LA Ofsted Core Group, has been in place for the last 15 months. The group is chaired by the Assistant Director (AD), Education School Improvement. Membership is made up of the AD Access and Inclusion, the Head of Bradford Achievement Service, School Governance and Workforce Development Manager, School Improvement Performance Data Manager, Business Advisor, Schools, Senior Primary Partnership Officer, Secondary Partnership Operations Director, 14-19 Lead Officer, Funding and Sufficiency, Strategy Lead of Vulnerable Groups and the Early Childhood Services Manager, with a project manager (Quality Manager) and, latterly, a member of the Education Communications Team.

The role of the LA Ofsted Core Group is to prepare for all aspects of the inspection and to participate in the inspection itself. The Group has produced and revised the LA's Self Evaluation document, engaged stakeholders who will be involved in the inspection, produced a communications plan, domestic plan and a programme for the inspection. It has also drafted an LA presentation for the first day of the inspection and produced a set of documents for use during the inspection (the inspector pack).

Our self-evaluation is regularly updated in order to capture the latest data and to develop our responses to issues. We have been involved in a peer review of our education functions. This involved three other LAs. The self-evaluation has been shared with senior elected members.

We commissioned an external review from Professor David Woods, a leading educational expert to test the robustness of our current school improvement arrangements. This work involved scrutiny of our self-evaluation document which was deemed to be fit for purpose. Some suggestions were made about the layout of the document to improve the focus on what actions have been implemented to improve outcomes, where these were deemed to require improvement.

As a result of this review, proposals are being considered for changing the arrangements for the school improvement service in Bradford. There is a strong development which will lead to a school led system with the LA becoming a commissioner rather than deliverer. This work is in partnership with the teaching schools and all school partnerships. Key performance indicators have been agreed, roles and responsibilities have also been agreed and accountability for the raising of standards is being shared between the 3 partners (teaching schools, partnerships and LA).

The LA Ofsted Core Group continues to meet monthly and to keep all documentation under review. We continue to add to our library of case studies which exemplify the work we are undertaking.

We are responding to the recommendations contained in the external review of our education functions.

We continue to communicate with the key stakeholders through Bradford Schools Online, through the Partnership Priorities and Joint Working Board, through strategic engagement meetings with head teachers, Achievement Officer visits and via Notepad, briefing notes and emails to governors, for example about changes to the inspection framework, engagement in the process, about our Education Improvement Strategy and our key priorities and targets.

A review of governance arrangements is under consideration with the establishment of an education and commissioning board, it is proposed that this board would be responsible for the targeting of school improvement activity to improve the outcome of all our schools. This work would be undertaken within a commissioning framework having clear outcomes for the delivery of standards across the district.

6.4 Child Safeguarding

Referrals to children's social care have increased by 20% over the last year and the number of children on child protection plans had also significantly risen from 370 to nearly 700. Although the number of referrals and case conferences remain higher than usual the number of children on plans has started to slow and reduce, it currently stands at 530. This means that plans are being worked quickly and effectively to the point where the risk has been addressed in the community or children are taken into care.

The continuing risks from increased demand are being managed by the Council and overseen by the Bradford Safeguarding Children Board. Over 80% of conferences are taking place on time and the Council has invested in 13 additional social work posts, two case conference chairs and minute takers. The arrangements to oversee Child Sexual Exploitation risks are robust with a multi-agency hub in place with the Council, Police and voluntary sector resources. There will be an independent review of the hub this financial year.

There are new Regulations for children's residential care backed up by a challenging Ofsted inspection regime. This will require good leadership of all the units, evidence of responsive wrap round services and improving outcomes for this vulnerable group of young people.

6.5 Engaging with Citizens and stakeholders in the shift from current to future levels of service.

Between now and 2020 the money for Council services that is under the Council's direct control is forecast to reduce by at least another £110m, from £401m to £296 million, which is over 25% and is on top of the savings already made.

In order to effect a culture change and to rebalance how people think about rights and responsibilities the Council is using its New Deal programme to engage with as many interested parties and individuals as possible about what really matters to local people, what it is reasonable for them to expect from local services at a time of big budget cuts and what they can do to help achieve positive results for themselves, their families, communities and district.

The first phase of this engagement and participatory programme ran from October 2014 to March 2015 and was designed to deliver the following objectives:

- Raise awareness of financial and demand challenges facing the district.
- Confirm priorities, understand what matters most to local people and explore public expectations of local services.
- Develop stronger, shared approaches to community leadership and local resilience.
- Support behaviour change and demand management.
- Form a platform for continuing dialogue to identify new opportunities to make the most of the district's assets, find alternative delivery models and build momentum for change.

Partner and stakeholder workshops are currently being designed for June/July 2015 to build on this initial phase and help identify partner contributions to the New Deal approach. The next phase of citizen engagement will focus on some of the specific transformational proposals, to test appetite for change. Formal consultation on any proposed changes that are to be implemented in the next financial year will be incorporated into the 2016-17 budget consultation mechanisms.

7. 2015-16 Governance Challenges

The risks detailed below will be reviewed through the 2015-16 financial year and progress against them will be reported to the Governance and Audit Committee.

1) Agreeing an operating and financial plan in the context of the intractable tensions between resources, expectations of citizens and service users, and the statutory framework
2) Improving educational attainment
3) Safeguarding vulnerable children
4) Mitigating the effects of a loss of experience and expertise arising from staff reductions, especially where loss of such resource impacts on the management of services protecting vulnerable people.
5) Developing new and affordable models of care within the governance arrangements that exist across the health and social care system
6) Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.
7) Impact on governance structures arising from developing policies for the delivery of regional devolution.
8) Ensuring that the Council's risk management strategy and practice is effectively embedded and reflects the dynamic risk environment faced by the Council.

8. West Yorkshire Pension Fund

The Council is the administering authority for the West Yorkshire Pension Fund (WYPF). The WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (Amendment No. 3 Regulations 2007).

The Council has established two bodies to assist and support the Governance & Audit Committee oversee the WYPF:

• the WYPF Investment Advisory Panel and
• the WYPF Joint Advisory Group

The WYPF Investment Advisory panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment. A Director of Finance from one of the member Authorities sits on the Panel, this position is currently held by the Director of Resources for Kirklees MDC.

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

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

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2015.

9. Statement

Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

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

Councillor David Green, Leader of Council

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

Suzan Hemingway, Interim Chief Executive
[Date]