2023/24 Statement of Accounts

THE LONDON BOROUGH

Contents

APPROVAL OF THE COUNCIL STATEMENT OF ACCOUNTS

I hereby confirm that the Statement of Accounts for the year ending 31st March 2024, as signed by the Director of Finance on the 26th February 2025, has been approved by the Mayor of the London Borough of Bromley on 26th February 2025.

Councillor David Jefferys
Mayor of the London Borough of Bromley
26th February 2025

This Narrative Report provides information about the key issues affecting the Council and its accounts. It also provides an explanation of the Financial Statements and a summary of financial performance in 2023/24.

Introduction to the London Borough of Bromley

Bromley is the largest of the London Boroughs, occupying 58 square miles (15,014 hectares). The borough shares its borders with the London Boroughs of Bexley, Croydon and Lewisham and the Royal Borough of Greenwich.

Our population (ONS estimate – mid 2023) is 331,162 and there are 244,066 people on the electoral roll. In 2023/24 the total number of 'Band D equivalent' properties was estimated at 135,300 and the number of business properties at 7,331.

The Council has an agreed framework to improve the life of all those that live, visit, study or work in the borough. This vision is called 'Making Bromley Even Better 2021-2031' and has five key ambitions:

1. For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
2. For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
3. For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
4. For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
5. To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

Our officer and political structures are all aligned to deliver this vision through our portfolio plans. Looking ahead, we will continue to build on this framework and our future plans will be supported by our Transformational Review.

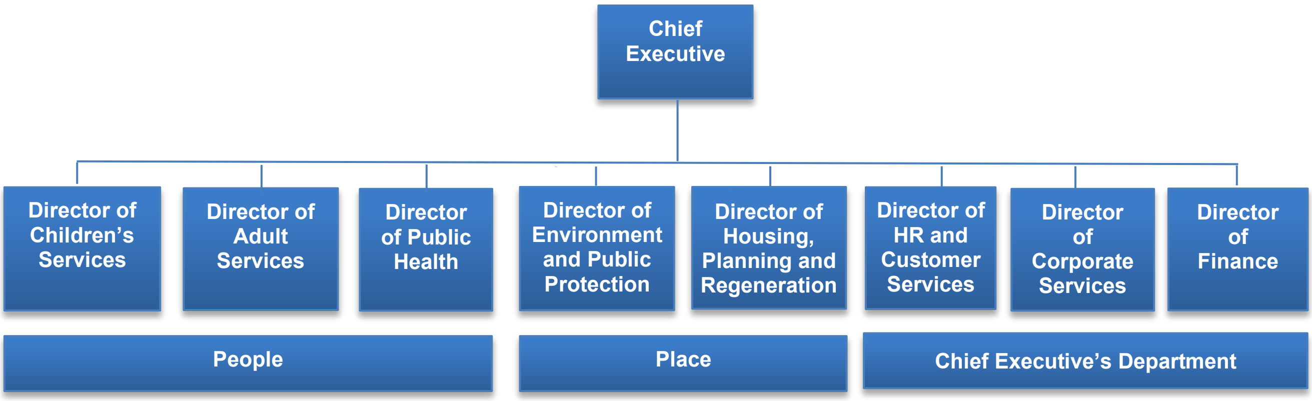
Council Structure

The Council has adopted a Leader and Cabinet model and has 58 Councillors representing 22 wards. There are currently 35 Conservative, 12 Labour, 5 Liberal Democrats, 3 Chislehurst Matters and 3 Independent Councillors.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council led by the Chief Executive. Chief Officers have a strategic role, advising Councillors on their areas of particular expertise and contributing to the overall leadership of the Council. They also have a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service and making the most effective use of departmental resources to achieve that goal.

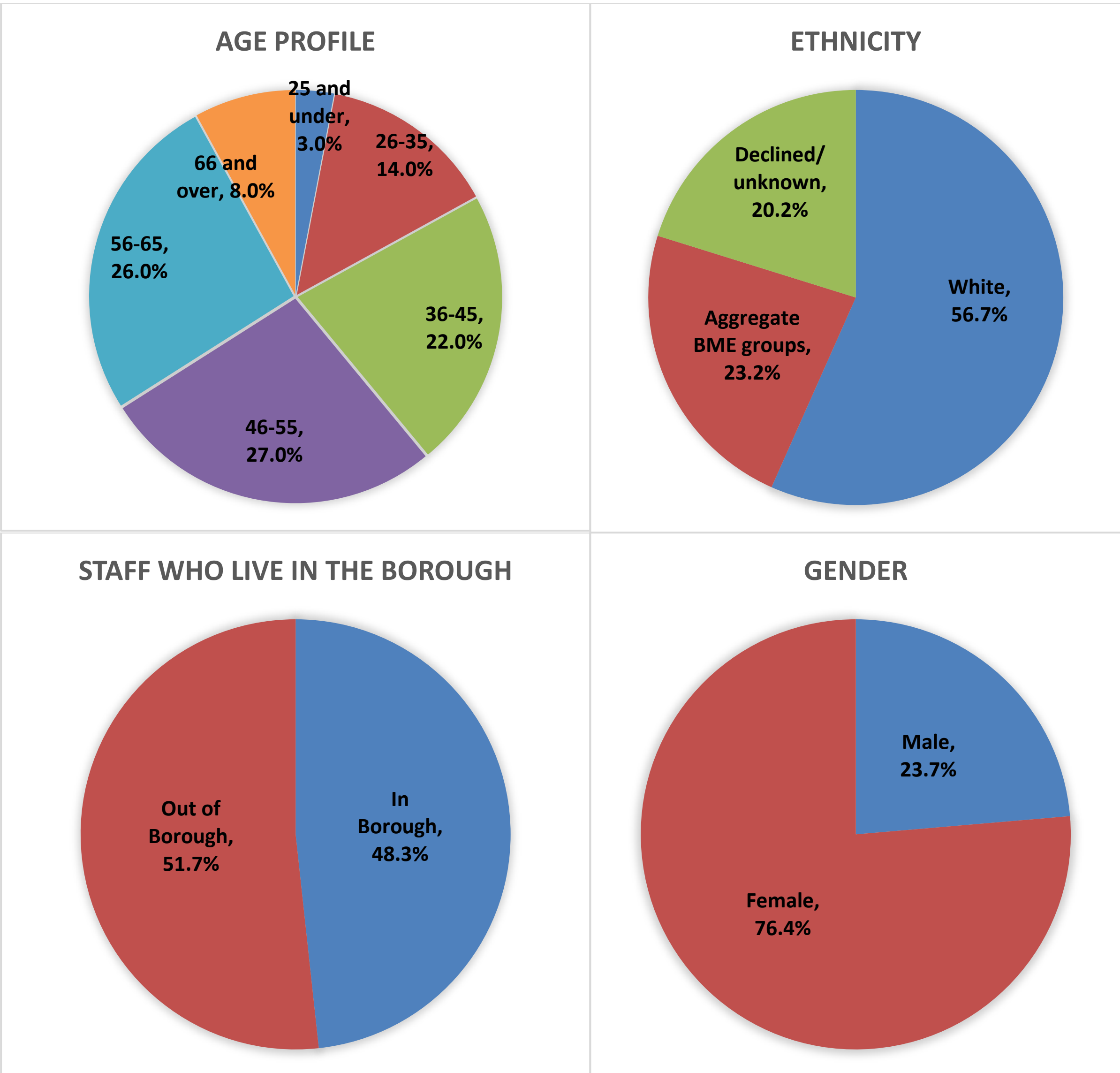
During 2019 a review of the corporate leadership structure was undertaken to better enable and support the successful delivery of the Transforming Bromley Programme. This resulted in a reconfigured management structure which is shown on the following page

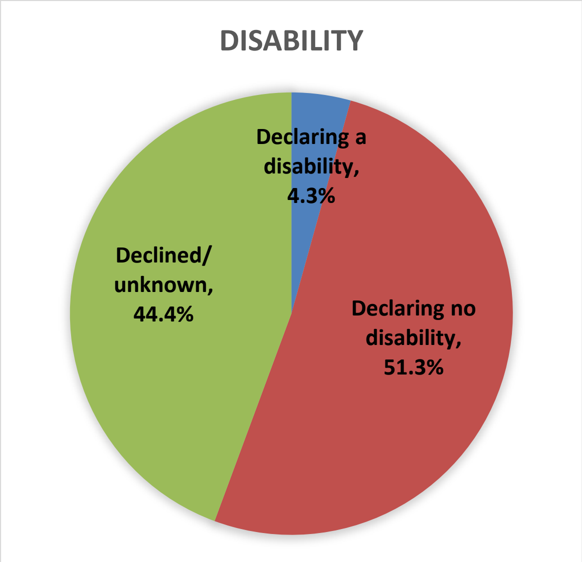


Bromley Workforce

As at 1 October 2023, the Council employed 1,675 people on full and part-time contracts equating to a full-time equivalent of 1,455.

The make-up of the workforce is as follows:





Key Services

The Council is responsible for providing a range of key services including:

- Adult Social Care
- Education
- Children's Social Care
- Waste and Recycling
- Street Cleansing
- Highways and Transport
- Public Protection
- Parks and Green Spaces
- Libraries
- Town Centre Management and Regeneration
- Planning Services
- Housing, including Homelessness and Housing Needs
- Public Health.

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. This sets out the Council's income and expenditure for the year and its financial position at 31st March. The format and content is prescribed in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and comprises core and supplementary statements together with supporting disclosure notes.

These statements are supported by the Council's Statement of Accounting Policies and a Glossary of key terms is also provided.

The Statement of Accounts is accompanied by an Annual Governance Statement which sets out the Council's governance framework and the key elements of the systems and processes that comprise the Council's governance arrangements.

Core Financial Statements:

Comprehensive Income and Expenditure Statement – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised to cover expenditure in accordance with statutory requirements and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement – this statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Balance Sheet – this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves (i.e. those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves is those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses, 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'.

Cash Flow Statement – this statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Authority.

Supplementary Statements:

The Collection Fund – this statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Authority (as billing authority) in relation to the collection from taxpayers and distribution to the Greater London Authority (GLA) and Central Government of Council Tax and non-domestic rates.

Former LRB Fund - summarises movement on the Fund during the year and the financial position at the year end. The Fund relates to property and other residual functions transferred from the London Residuary Body which wound up the affairs of the Greater London Council (GLC) and Inner London Education Authority (ILEA).

Pension Fund – shows the contributions made to the Fund and the benefits paid to pensioners in 2023/24. The Net Asset Statement sets out the position of the Fund as at 31st March 2024. The Council's Pension Fund is part of the Local Government Pension Scheme (LGPS).

Financial Performance in 2023/24

Revenue Expenditure

The 2023/24 outturn position is summarised in the table below:

	Budget £m	Actual £m	Variation £m
Net expenditure	256.005	248.233	(7.772)
Funded by:			
- Grants, Council Tax and Business Rates	(255.422)	(248.233)	7.189
- Carry forwards from 2022/23	(0.583)	-	0.583
Variation in General Reserves	-	-	-

The 2024/25 Council Tax report identified the latest financial projections and future year budget gap due to the impact of inflation, service cost pressures and ongoing significant reductions in government funding. Further details were reported in the '2024/25 Council Tax' report to the Executive in February 2024.

The 2023/24 outturn identifies variations in departmental expenditure and the Council's central contingency sum. In addition, there were higher returns from the Council's investment strategy. Underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and meeting income targets. This financial position enables the Council to be 'better placed' to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

The Council's general reserves remain at £20m, whilst a future years 'budget gap' continues. However there is flexibility in the Council's overall resources (including earmarked reserves) to allow this position to be revised in the future.

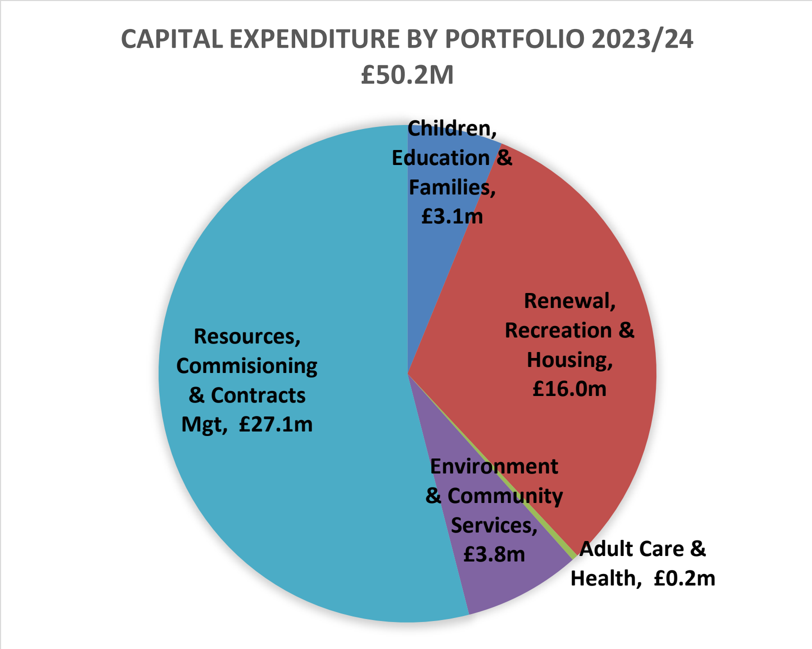
Further details of the variations in 2023/24 were reported on the 22nd May 2024 and are available through: Agenda for Executive on Wednesday 22 May 2024, 7.00 pm (bromley.gov.uk)

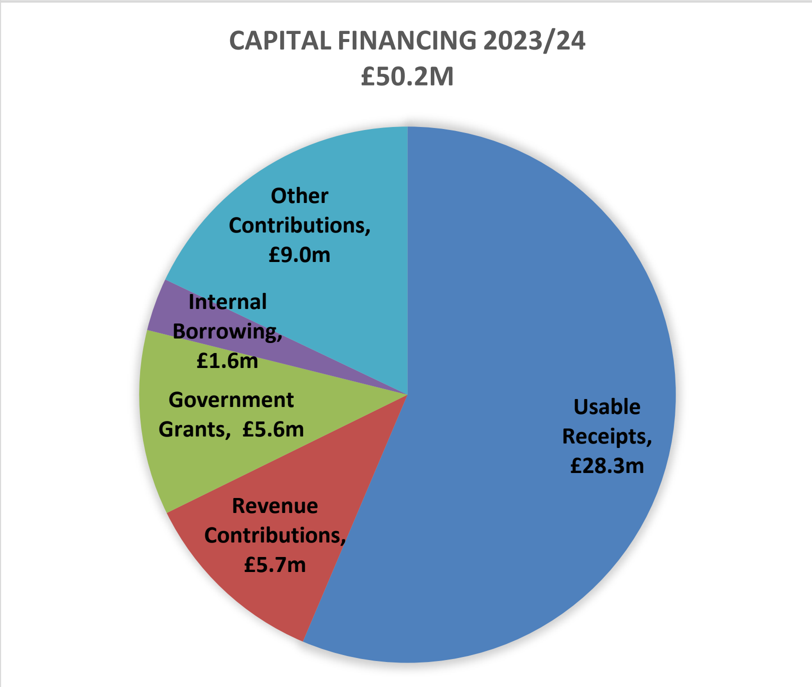
Capital Expenditure

Capital expenditure totalled £50.2m compared with the final approved estimate of £60.0m (net of assumed slippage). Capital expenditure was fully financed from Government grants, other external contributions, revenue contributions, capital receipts and internal borrowing without recourse to general reserves.

The Council generated new capital receipts of £41.9m in 2023/24 and, during the year, £28.3m of receipts were applied to finance capital expenditure.

Further information can be found in charts below and also in the Capital Programme Outturn reported on the 10th July 2024 and are available through: Agenda for Executive on Wednesday 10 July 2024, 7.00 pm (bromley.gov.uk)





Investments

At the year end, the Council held significant investments totalling £326.9m (principal sum). These investments generated net income of £14.7m in 2023/24 to support the revenue budget. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2023/24 the net assets of the Pension Fund decreased by £49.0m (3.6%), net losses on disposals of investments and reductions in the value of investments, partly offset by investment income received. The underlying assets and liabilities of the Fund for retirement benefits earned by Bromley employees past and present are required to be recognised on the Council's Balance Sheet; and as at 31st March 2024, this was a Net Pension Liability of £2.5m (£2.0m as at 31st March 2023).

Strategic Risks and Governance

The overriding aim of the Risk Management Strategy is to embed a high quality risk management culture across the Council which will support better decision making. This will take account of the Council's strategic aims and support the achievement of our Corporate Policies and Objectives.

The Corporate Risk Management Group supports the Council in the effective development, implementation and review of the Strategy and assists with strategic risk assessment and development of the Risk Register.

The Council maintains a detailed departmental and corporate risk register. The key strategic risks for the coming year include:

- Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget
- Ineffective governance and management of contracts
- Failure to maintain and develop ICT information systems to reliably support departmental service delivery
- Cyber attack and failure to comply with GDPR
- Failure to maintain robust Business Continuity and Emergency Planning arrangements
- Failure to deliver effective Children's services
- Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets
- Failure to deliver the Transforming Bromley Programme
- Failure to adequately adapt the borough and Council Services to our changing climate
- Non-compliance with Health & Safety (Fire & First Aid) legislation
- Inability to effectively manage Homes for Ukraine
- Capital Financing shortfall as a result of significant cost increases and or reduction in disposal proceeds
- Operational Property Repair cannot be delivered to budget and within programme
- Buildings within the Operation Property Repair programme fail prior to commencement of works
- Ineffective recruitment and retention strategies for hard to fill posts
- Accommodation Move to Direct Line Building

Further detail, including the cause, impact and controls in place to mitigate the risk are set out in the individual risk registers. The Corporate Risk Management Group also assists in the co-ordination of the review and development of the Annual Governance Statement (AGS). As a result of our annual review, six areas have been identified where further work is required to monitor how the key risks facing the Council are being managed:

- Finance: A balanced budget for 2024/25 has been achieved through the Transformation Savings Programme, an improved financial settlement and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. There remains a "budget gap" of £16.6m in 2025/26 rising to £38.7m per annum in 2027/28. There is also an average annual Dedicated Schools Grant deficit of £5.3m for the period 2024/25 to 2027/28, with the Government's statutory override still in place. The projections assume mitigation and transformation savings of £38.1m in 2024/25 rising to £65.3m by 2027/28. The projections from 2025/26 have to be treated with some caution, particularly as the Government's next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27. The outcome of a significant review of the Council's capital programme funding shortfall to address the impact of the Operational Property Review and the need to address an inherent capital funding shortfall was reflected in the updated capital programme for 2023/24 and future years.

- Statement of Accounts: The statement of accounts for 2019/20 had previously been subject to considerable delays largely caused by issues concerning the valuation of the Council's Fixed Assets. This backlog has now been largely addressed with the 2020/21 and 2021/22 accounts published during 2023/24. The 2022/23 and 2023/24 draft accounts were published in July 2024 and October 2024 respectively.

- Condition of the operational property estate: to ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.

- Dedicated Schools Grant (DSG) deficit: Financial pressures on the DSG are acknowledged as a national issue in the Government's Green Paper: 'widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and, that despite substantial additional investment, the system had become financially unsustainable'. The national DSG deficit is understood to have reached in excess of £2bn, with c30 LAs supported with bailouts through Safety Valve and Delivering Better Value programmes. Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the local financial pressures until Bromley became one of the last London boroughs to enter a deficit position in 2020/21. Benchmarking data provided by these local financial challenges have since continued to increase, with the deficit position having increased to £16m by the end of 2023/24. Adjusting for mitigation measures included with the Medium Term Financial Strategy, the deficit is forecast to increase by circa £5m per annum. The Council is setting aside sufficient reserves to offset the DSG deficit, impacting on the Council's overall financial position. The pressures in Bromley are exacerbated by a shortage of local specialist places and historically limited universal and targeted provision for children with additional needs.

- Housing/Homelessness: The numbers of households approaching as homeless are rising steadily year on year despite proactive prevention and partnership work to address this. Continuing uncertainty in the housing market means that at the present time procuring private sector accommodation has become more costly and difficult. The fall out rate is harder because there is increased competition from private renters. We are unable to procure the level that we need to meet demand. This puts an increased reliance on the provision of temporary accommodation, which is increasingly volitile; with prices escalating and supply drying up. Consequently, we are continuing to see an increase in the numbers in Nightly Paid Accommodation whilst numbers in the more affordable forms of TA are decreasing month on month. New accommodation that is sourced is done so at an increased cost. It is also increasingly difficult to secure in-borough temporary accommodation. This impacts negatively when trying to gain access to services and support for vulnerable residents. The majority of out of borough placements are in other parts of London or Kent, but Bromley, along with all other London authorities, are being forced to secure homes further and further away from the borough boundaries (such as West Bromwich, Worthing and Leicester) to ensure that we are able to meet our statutory obligations in respect of Housing.

- Environment Contract Sustainability: Contract for the provision of arboricultural services: Contractor performance issues have had a significant impact on the delivery of the contract and consequently changes to service delivery have been agreed by the Executive.
  Contract for the provision of Highways Management: backlog of highways works.

These areas will require attention over the next year to ensure they are operating effectively and risks are mitigated. The Annual Governance Statement is published with the Statement of Accounts.

Medium Term Financial Strategy (MTFS)

The draft 2024/25 budget and MTFS to 2027/28 was approved by Executive on 17th January 2024 and set the framework for the Council to address the significant financial challenges not only for 2024/25 but going forward into future years. It was envisioned that there would be a spending review in 2021, resulting in a new multi-year settlement, however the Provisional Local Government Finance Settlement 2024/25, published on 18th December 2023, represents a one year settlement only. The outcome of the Fair Funding Review and Devolution of Business Rates, which could have a significant impact on future funding, are now expected to be from 2026/27 at the earliest.

The Council's budget strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium term budget gap as the gap could increase further.

In considering action required to address the medium term 'budget gap', the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings were realised since 2009/10. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government not providing adequate funding, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management has assisted the Council to provide a balanced budget for 2024/25. There will be significant challenges as the Council is a low-cost authority and the position will need to be regularly reviewed particularly as there are risks relating to further cost pressures/new burdens.

There is uncertainty on the future arrangements for devolution of business rates and the awaited Government's 'Fair Funding' review which may result in new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2026/27 whilst the forecast assumes that Government funding will remain at a standstill from 2025/26. Financial challenges are expected to continue beyond the financial forecast period. The continuation long-term financial planning as part of the Medium-Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

Options Being Undertaken with a "One Council" Approach

The Council continues to face ongoing funding reductions and there remains uncertainty around future funding from 2025/26 following the awaited outcome of the Government's delayed 'Fair Funding' review.

There are also clear benefits to explore opportunities to increase the Council's business rate base through economic development, identify invest to save opportunities as well as realise investment income as shown below:

- Community Infrastructure Levy (CIL) – came into effect in June 2021 with additional income of around £1.25m in 2024/25, rising to around £1.9m compared with the 2023/24 budget.
- Operational Property Review/Property Disposals – the acquisition and development of new Civic Offices, a major operational property rationalisation and refurbishment programme, and identifying properties for disposal and/or used to develop housing to help fund the capital programme and mitigate significant housing growth pressures.
- Investment Income - a diverse range of investments generates a higher level of income whilst managing the Council's exposure to risk.
- Housing - the development and/or acquisition and refurbishment of affordable accommodation in order to mitigate the increased cost pressures on temporary accommodation budgets.
- Review of Fees and Charges – a comprehensive review to determine whether charging levels remain appropriate and any opportunities to reduce the 'budget gap'.
- Invest to Save - to fund initiatives that deliver ongoing revenue savings.
- Commissioning and Procurement - the Council will continue to identify opportunities for contract savings including the review of inflation provision and repackaging of contracts and re-negotiation to secure the best value for the Council.
- Managing Rising Demand - there remains the need to manage future demand by ensuring there is a focus on outcomes rather than service delivery which includes the need to rethink the relationship between the citizen and the service. More collaborative working with other public agencies will help to ensure that the most effective outcomes can be delivered.
- Adult Social Care Reform – planning for implementation of social care reforms including the cap on care costs from October 2025 and 'fair cost of care' review
- Health and Social Care - integration will help protect social care and provide more effective services to people in the community. Opportunities will be explored including the pooling of resources if it enables better opportunities for value for money, economies of scale and streamlining processes.
- Identifying Further Savings - identification of opportunities for further savings and income generation, including reviewing core priorities and working with partners and key stakeholders, potentially reducing the scope and level of services
- Core Statutory Minimum Requirements – to determine what the Council can afford within its overall budget envelope. There may also be opportunities to reduce costs through ensuring value for money is realised and the best method of service delivery and outcomes are achieved.
- Transforming Bromley – we are reframing our programme to ensure it remains fit for purpose over the next four years, 2024-28, allowing us to proactively consider our future challenges and opportunities.

Further Information

Further Information about the accounts is available from:

Head of Corporate Finance and Accounting
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley, BR1 3UH

Members of the public also have a statutory right to inspect the accounts each year. The date and times of these inspections are advertised on the Council's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BROMLEY

Disclaimer of Opinion

We were engaged to audit the financial statements of London Borough of Bromley ('the Council') for the year ended 31 March 2024. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 48 including material accounting policy information and including the Expenditure and Funding Analysis,
- Collection Fund and the related notes 1 to 3,
- And the Former LRB Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audits of the financial statements for the years) ended 31 March 2021, 31 March 2022 and 31 March 2023 for London Borough of Bromley were not completed for the reasons set out in the disclaimers of opinion on those financial statements dated 11 December 2024 (31 March 2021) and 12 December 2024 (31 March 2022 and 31 March 2023).

Due to the disclaimers of opinion on the prior years, delays in receiving draft financial statements and associated audit evidence as referred to in our value for money reporting below, and the limited time between the backstop dates we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2024.

In addition, the Council has processed a prior year adjustment related to 2023/23. Due to the imposed backstop date, we were unable to perform sufficient further audit work to determine the completeness and accuracy of the adjustments made and recorded in the 2023/24 financial statements.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Council

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); and/or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

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

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

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2024.

Significant weaknesses in arrangements
Our judgement on the nature of the weaknesses identified:

The Council has experienced capacity issues within the finance team for a number of years, which has impacted their ability to publish the draft financial statements by the target date set by the Accounts and Audit Regulations 2015 and their ability to support the external audit.

The evidence on which our view is based:

The Council could not adequately support the external audit which significantly delayed the completion and certification of the 2018/19 and 2019/20 audits until August 2020 and May 2023 respectively. We were not able to complete the 2020/21 audit as we experienced similar significant delays. This also impacted the timely production of the 2021/22 and 2022/23 draft financial statements on which we issued disclaimers of opinion on 11 and 12 December 2024 respectively. The Council published their draft 2023/24 financial statements on 17 October 2024, significantly later than the 31 May 2024 deadline set within the Audit and Accounts Regulations 2015. The finance team were unable to effectively support the audit during the planning stage of the audit, including either delays in receiving audit evidence or information not being provided.

The impact on the Council:

Failure to improve the Council's processes to report financial information timely will also impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the body needs to take to address the weakness:

As a result of the weaknesses identified, we make Statutory Recommendations under section 24 and Schedule 7(2) of the Local Audit and Accountability Act 2014 (as amended).

1. Finance Function Workflow Review: Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.
2. Quality Assurance Function Review: Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers of both the Council and Pension Fund. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Audit and Risk Management Committee.
3. Finance Team Capacity: Re-assess roles, responsibilities and resource requirements for financial reporting across the Council and Pension Fund, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

This issue is evidence of significant weaknesses in proper arrangements for governance, specifically that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 21, the Director of Finance is responsible for the preparation of the 2023/24 Statement of Accounts, which includes the Council financial statements , in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the London Borough of Bromley had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Borough of Bromley put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the London Borough of Bromley had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of London Borough of Bromley.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of London Borough of Bromley, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

E. Jackson
Ernst & Young LLP

Elizabeth Jackson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
27 February 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BROMLEY ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the pension fund financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the London Borough of Bromley 2023/24 Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the 2023/24 Statement of Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 21, the Director of Finance is responsible for the preparation of the Counils's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director of Finance .

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquries of the management. We corroborated this through our reading of the Pension Board minutes and other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation ot the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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

Use of our report

This report is made solely to the members of London Borough of Bromley , as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Borough of Bromley and its members as a body, for our audit work, for this report, or for the opinions we have formed.

E. Jackson
Ernst & Young LLP

Elizabeth Jackson John Smith (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
27 February 2025

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority 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 Authority, that officer is the Director of Finance.
* to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
* to approve the Statement of Accounts.

The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts and its Pension Fund accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of *Practice on Local Authority Accounting in the United Kingdom (the Code).*

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

* selected suitable accounting policies and then applied them consistently;
* made judgments and estimates that were reasonable and prudent; and
* complied with the local authority Code.

The Director of Finance has also:

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

Director of Finance

I certify that the accounts set out on pages 22 to 138 give a true and fair view of the financial position of the Authority as at 31st March 2024 and of its income and expenditure for the year ended 31st March 2024.

Peter Turner
Director of Finance
26th February 2025

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios and Services. Income and expenditure accounted for under generally accepted accounting is shown in the Comprehensive Income and Expenditure Statement.

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
***Restated**	***Restated**					
£000	**£000**	**£000**		**£000**	**£000**	**£000**
84,915	(1,590)	86,504	Adult Care and Health	95,619	(365)	95,984
72,195	(6,725)	78,920	Children, Education and Families	82,351	(2,309)	84,660
39,561	(5,480)	45,041	Environment & Community Services	42,426	(18,692)	61,119
3,600	(592)	4,193	Public Protection and Enforcement	4,191	(47)	4,238
30,749	(739)	31,488	Renewal, Recreation and Housing	24,719	(2,888)	27,607
33,025	12,790	20,235	Resources, Commissioning and Contracts Management	45,170	17,532	27,638
264,044	**(2,336)**	**266,381**	**Net Cost of Services**	**294,477**	**(6,769)**	**301,246**
(227,481)	(26,218)	(201,263)	Other Income and Expenditure	(276,648)	3,939	(280,587)
36,564	**(28,554)**	**65,118**	**(Surplus) / Deficit on Provision of Services**	**17,829**	**(2,830)**	**20,659**

2022/23		2023/24
(279,869)	Opening General Fund Balance	(243,305)
36,564	Less Deficit / (Surplus) on General Fund	17,829
(243,305)	**Closing General Fund Balance at 31 March 2024**	**(225,476)**

* See Note 6B

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in 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 statutory requirements and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23					2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
170,127	(83,623)	86,504	Adult Care and Health		197,950	(101,966)	95,984
204,604	(125,684)	78,920	Children, Education and Families		227,779	(143,119)	84,660
68,525	(23,484)	45,041	Environment & Community Services		87,983	(26,865)	61,119
5,267	(1,074)	4,193	Public Protection & Enforcement		5,318	(1,080)	4,238
141,577	(110,089)	31,488	Renewal, Recreation and Housing		144,005	(116,397)	27,607
30,661	(10,426)	20,235	Resources, Commissioning and Contracts Management		35,863	(8,225)	27,638
620,761	**(354,381)**	**266,381**	**Cost of Services**		**698,898**	**(397,652)**	**301,246**
1,272	(112)	1,160	Other Operating Expenditure	10	1,654	(8,954)	(7,300)
1,475	2,255	3,731	Financing and Investment Income and Expenditure	11	(9,427)	(15,217)	(24,644)
-	(206,154)	(206,154)	Taxation and Non-Specific Grant Income	12	-	(248,643)	(248,643)
623,509	**(558,391)**	**65,118**	**(Surplus) / Deficit on Provision of Services**		**691,125**	**(670,467)**	**20,659**
		(15,810)	(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets Impairment Losses on Non-Current Assets	27			4,415
		(402)	Remeasurements of the Net Defined Benefit Liability	27			11,953
		(16,212)	**Other Comprehensive Income and Expenditure**				**16,368**
		48,906	**Total Comprehensive Income and Expenditure**				**37,027**

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Current Year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2023 (Restated*)	**(243,305)**	**(29,347)**	**(36,133)**	**(308,785)**	**(481,363)**	**(790,148)**
Movement in Reserves during 2023/24						
Total Comprehensive Income and Expenditure	20,659			**20,659**	16,368	**37,027**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(2,830)	(13,563)	(4,587)	**(20,979)**	20,979	**-**
(Increase)/Decrease in 2023/24	17,829	(13,563)	(4,587)	**(320)**	37,347	**37,027**
Balance at 31 March 2024 carried forward	**(225,476)**	**(42,910)**	**(40,720)**	**(309,105)**	**(444,015)**	**(753,121)**

General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(205,476)
Amounts uncommitted	(20,000)
Total General Fund Balance at 31st March 2024	**(225,476)**

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Comparative Year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2022 (Restated*)	**(279,869)**	**(30,307)**	**(29,697)**	**(339,873)**	**(499,181)**	**(839,054)**
Movement in Reserves during 2022/23						
Total Comprehensive Income and Expenditure	65,118			**65,118**	(16,212)	**48,906**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(28,554)	961	(6,436)	**(34,030)**	34,030	**-**
(Increase)/Decrease in 2022/23	36,563	961	(6,436)	**31,088**	17,818	**48,906**
Balance at 31 March 2023 carried forward	**(243,305)**	**(29,347)**	**(36,133)**	**(308,785)**	**(481,363)**	**(790,148)**

General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(223,305)
Amounts uncommitted	(20,000)
Total General Fund Balance at 31st March 2023	**(243,305)**

* See Note 6B

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets were to be sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

***Restated 1st April 2022 £000**	***Restated 31st March 2023 £000**		**Notes**	**31st March 2024 £000**
432,710	458,321	Property, Plant and Equipment	**14**	437,416
1,017	1,018	Heritage Assets	**15**	1,018
103,556	67,618	Investment Property	**16**	75,503
191,404	177,675	Long Term Investments	**17**	100,686
(784)	22,834	Long Term Debtors	**17**	24,349
10,665		Pension Asset		
738,568	**727,465**	**Long Term Assets**		**638,973**
163,372	136,762	Short Term Investments	**17**	203,167
0	29,816	Assets Held for Sale (<1yr)	**21**	13,039
176	237	Inventories	**18**	278
59,994	37,320	Short Term Debtors	**19**	44,489
32,438	29,552	Cash and Cash Equivalents	**20**	16,196
255,980	**233,688**	**Current Assets**		**277,169**
(14,662)	(13,599)	Short Term Borrowing / Temporary Loans	**22**	(8,241)
(16,339)	(15,052)	Provisions	**25**	(19,616)
(80,328)	(97,424)	Short Term Creditors	**23**	(91,087)
(5,662)	(8,304)	Grants Receipts in Advance - Revenue	**37**	(7,117)
(7,956)	(5,028)	Grants Receipts in Advance - Capital	**37**	(5,407)
(124,947)	**(139,406)**	**Current Liabilities**		**(131,468)**
(30,548)	(31,599)	Other Long Term Liabilities	**24**	(31,553)
(30,548)	**(31,599)**	**Long Term Liabilities**		**(31,553)**
839,053	**790,148**	**Net Assets**		**753,121**
(339,872)	(308,785)	Usable Reserves	**26**	(309,106)
(499,181)	(481,363)	Unusable Reserves	**27**	(444,015)
(839,053)	**(790,148)**	**Total Reserves**		**(753,121)**

* See Note 6B

It has been necessary to restate the previous year's figures as there have been correcting adjustments made to the financing of capital expenditure. Corresponding adjustments have also been made to the Movement in Reserves Statement, Expenditure and Funding Analysis and all supporting notes.

These financial statements replace the unaudited financial statements confirmed by Peter Turner on 26th February 2025

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority'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 Authority.

2022/23		Notes	2023/24
£000			£000
65,118	Net (Surplus) or Deficit on the Provision of Services		20,659
(53,814)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements	28	(62,718)
18,607	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	28	16,138
29,911	Net Cash Flows from Operating Activities		(25,921)
(29,093)	Investing Activities	29	10,681
2,068	Financing Activities	30	28,596
2,886	Net (Increase) or Decrease in Cash and Cash Equivalents		13,356
32,438	Cash and Cash Equivalents at the Beginning of the Reporting Period		29,552
29,552	Cash and Cash Equivalents at the End of the Reporting Period	20	16,196

Notes to the Core Financial Statements

1 Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and is based on International Financial Reporting Standards. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the common needs of most users.
- The objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them.

2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when 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 income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected (see Note 19).
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3 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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. As at 31st March 2024 there was a total of £18.9m of cash investments on the Balance Sheet in instant access AAA-rated Money Market Funds and other short-term accessible accounts, (£29.6m as at 31st March 2023).

In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4 Presentation of Items in Other Comprehensive Income & Expenditure

The requirements of IAS 1 require Authorities to separately group items that will be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met and those items that will not be reclassified.

1 Statement of Accounting Policies continued

5 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.

6 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 Property, Plant and Equipment during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses 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 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 (the Minimum Revenue Provision) to reduce its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account and the Movement in Reserves Statement for the difference between the two.

7 Employee Benefits

Benefits Payable During Employment

Short-term benefits are those due to be wholly settled within twelve months of the year-end. They include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination Benefits, payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or of an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the 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 termination benefits related to pensions enhancements and replace them with debits for cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

1 Statement of Accounting Policies continued

7 Employee Benefits continued

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by the Teachers Pensions Agency on behalf of the Department for Education.
- The Local Government Pensions Scheme, administered by the Council itself under national regulations.
- The NHS Pension Scheme, administered by the Department for Health.

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. The schemes are accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. Employer contributions payable to Teachers' Pensions and NHS Pensions in the year are charged to the relevant Service lines in the Comprehensive Income and Expenditure Statement.

Disclosures in relation to retirement benefits can be found in Note 44.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. Employees who participate in the scheme earn benefits that will not actually be payable until retirement. However, the Council has a commitment to make these payments and the accounts have been prepared to reflect the cost of providing retirement benefits in the accounting period(s) in which they are earned. Related finance costs and any other changes in the values of assets and liabilities are recognised in the accounting periods in which they arise.

The accounts have been prepared on the basis of International Accounting Standard 19 (IAS 19) and on the advice of the Council's actuary, Mercer Limited, in accordance with Technical Accounting Standard R: Reporting Actuarial Information and Technical Accounting Standard D: Data, issued by the Institute and Faculty of Actuaries.

The liabilities of the Bromley pension scheme 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, etc., and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields (in Bromley's case, the discount rate was based on the yields of AA rated corporate bonds of currency and term appropriate to the currency and term of the Fund's liabilities). In 2023/24, this discount rate was 4.9% compared to 4.8% in 2022/23. The higher the discount rate, the lower the value placed on liabilities.
During 2023/24, the Pension Reserve moved from a surplus of £238.7m to a deficit of £2.54m
Movements in the Pensions Reserve balance are explained in more detail in Note 44.

The assets of the Bromley Pension Fund attributable to the Council (all quoted or unitised securities) are included in the Balance Sheet at their fair value, which is the current bid price.

The change in the net pensions liability is analysed into the following components:
a) Service Cost comprising:

- current service cost (the increase in liabilities as a result of years of service earned in the current year) - allocated in the Comprehensive Income and Expenditure Statement to the services for which employees worked.
- past service cost (the increase in liabilities arising from a scheme amendment or curtailment whose effect relates to years of service earned in earlier years) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- gains/losses on settlement (the result of actions to relieve the Council of liabilities for all or part of the employee benefits provided under the plan) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

1 Statement of Accounting Policies continued

7 Employee Benefits continued

b) Net interest cost:

- the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure (Financing and Investment Income and Expenditure) in the Comprehensive Income and Expenditure Statement.

c) Remeasurements comprising:

- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pension Fund Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains/losses (changes in the net pensions liability that arise because events have not followed assumptions in the last actuarial valuation or because the actuary has changed his assumptions) - debited or credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

d) Contributions paid to the Pension Fund (cash paid as employer contributions to the fund in settlement of liabilities not accounted for as an expense).

In relation to retirement benefits, statutory provisions require the General Fund 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 by 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 amounts payable to the fund but unpaid at the year-end. The negative balance 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 and not as benefits are earned by employees.

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 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.

8 Events After the Balance Sheet Date

Events after the reporting period 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 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.

9 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

1 Statement of Accounting Policies continued

9 Fair Value Measurement cont.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority’s financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at 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 rate of interest 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 Authority 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.
In addition, the Council has identified a number of contractual arrangements that contain finance leases in respect of vehicles and plant. Details of these are provided in Note 40.

11 Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

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

Full details are given in Note 17 to the Core Financial Statements.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.
For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

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

1 Statement of Accounting Policies continued

11 Financial Assets cont.

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.
The fair value measurements of the financial assets are based on the following techniques: „
- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

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

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

Financial Assets measured at fair value through other comprehensive income (FVOCI)

Where the Council holds investments with the objective of collecting contractual cash flows and selling assets in order to meet long term investment requirements while ensuring the Council is not subject to a high degree of credit risk. These assets are measured at FVOCI. The Council currently does not have any assets at FVOCI.

12 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, and
- 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 or receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line or to Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and capital grants) in the Comprehensive Income and Expenditure Statement.

1 Statement of Accounting Policies continued

12 Government Grants and Contributions cont.

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.

13 Heritage Assets

Where an asset is primarily held for its contribution to knowledge and culture, rather than for any operational or service-related purpose, it is designated as a heritage asset.

Heritage Assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council has identified assets and valuations where possible, but, in some cases, it has not been possible to carry out or obtain valuations for a number of heritage assets. The Code permits non-disclosure of heritage assets in the financial statements where it would not be practicable to obtain a valuation for the assets at a cost that would be commensurate with the benefits to users of the financial statements. The Council has taken the view that it would not be practicable to obtain valuations of its war memorials and a number of other assets and they are not, therefore, recognised on the Balance Sheet. Further details are included in Note 48.

The Council's heritage assets included on the Balance Sheet mainly comprise civic regalia and Bromley Museum art collections and are shown in more detail in Note 48. The items have indeterminate lives and are not, therefore, depreciated. They are also valued infrequently, due to their relatively low value in relation to the Council's overall asset base and the high cost of valuing a diverse set of assets without comparative values.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment and any impairment is recognised and measured in accordance with the Council's general policy on impairment (see accounting policy 18). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment and disposal proceeds are disclosed separately in the notes to the financial statements (see accounting policy 18).

14 Inventories

The Code states that Inventories should be included in the Balance Sheet at the lower of cost and net realisable value. The Council values Inventories at latest cost, but this has no material effect on the accounts.

15 Investment properties

Investment properties are those that are held solely to earn rentals and/or for 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 for which the asset could be exchanged between knowledgeable parties at arms-length. Investment properties are not depreciated but properties of material value are revalued annually. Net gains and losses on revaluation and on disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and they 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.

Rentals received in relation to investment properties are credited to Financing and Investment Income and result in gains for the General Fund Balance.

1 Statement of Accounting Policies continued

16 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially from the lessor to the lessee all the risks and rewards incidental to ownership of the property, plant or equipment. 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 an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority 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 lease's inception (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 years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is 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).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income & Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

As at 31st March 2024, the Council holds no finance leases as lessor.

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 (e.g. 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.

1 Statement of Accounting Policies continued

17 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 2023/24 (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 the Cost of Services.

18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply 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 is capitalised on an accruals basis in the accounts, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost 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 to the Comprehensive Income and Expenditure Statement when it is incurred.

Measurement

The freehold and leasehold properties that comprise the Council's property portfolio are revalued on the basis required by the Code (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at 31st March 2024 under the responsibility of Darren Essex, Interim Head of Strategic Property.

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be at 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, community assets and assets under construction - depreciated historical cost
- council offices - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost (DRC) which is used as an estimate of current value
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

1 Statement of Accounting Policies continued

18 Property, Plant and Equipment continued

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

Where there is no market-based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of 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 the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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.

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 line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) 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 on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

- depreciation is charged on all Property, Plant and Equipment on a straight-line basis over the remaining useful life of the assets as estimated by the valuer;
- depreciation is not charged on freehold land and investment properties;
- newly acquired assets are depreciated from the mid-point of the year, although assets under construction are not depreciated until they are brought into use.

1 Statement of Accounting Policies continued

18 Property, Plant and Equipment continued

Where an item of Property, Plant and Equipment 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 the historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

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 and when that sale is likely to be completed within one year of the Balance Sheet date, 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 line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised in the Surplus or Deficit on Provision of Services up to the amount of any previously recognised losses. 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 (Property, Plant & Equipment) 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 line 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 line in the Comprehensive Income and Expenditure Statement 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 valuation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals in excess of £10,000 are categorised as capital receipts.
A capital receipt received on the sale of an asset is required to be credited to the Usable 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 (the Capital Financing Requirement). 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 Property, Plant and Equipment 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.

Assets held for sale that are expected to be sold within 1 year are shown on the Balance Sheet as Current Assets. Assets expected to be sold more than 1 year after the Balance Sheet date are shown as Surplus Assets under Property, Plant and Equipment.

1 Statement of Accounting Policies continued

19 Private Finance Initiative 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 services passes to the PFI contractor. As the Council is deemed to control the services that are provided under such schemes and as the 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 Council has not entered into any PFI schemes but it has entered into service concession arrangements, which grants to another company or organisation the right to provide services on behalf of the Council, using infrastructure assets owned by the Council or the contractor. Further details of this are provided in Note 41.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

20 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.

Provisions are charged as an expense to the appropriate service line 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.

Details of all provisions are set out in Note 25.

21 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.

22 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 (Note 46) where it is probable that there will be an inflow of economic benefits or service potential.

1 Statement of Accounting Policies continued

23 Reserves

The Council has set 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 against the Surplus/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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

Details of Bromley's revenue reserves are set out in the Movement in Reserves Statement and in Note 9.

Reserves are reported in two categories - Usable and Unusable.

Usable Reserves
Those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

Unusable Reserves
Those reserves that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and the reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

24 Revenue Expenditure Funded from Capital under Statute

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. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing (the former in Bromley's case), 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.

25 Value Added Tax

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

26 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, other authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

1 Statement of Accounting Policies continued

27 Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

28 Local Authority Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore the transactions, cash flows and balances of 7 local authority controlled schools are recognised in each of the financial statements of the authority as if they were transactions, cash flows and balances of the authority.

29 Interest in Companies and Other Entities

The Council has an interest in a jointly controlled entity. An assessment of the nature and financial modelling of this arrangement is undertaken annually. The financial relationship does not result in material adjustment between single entity and group accounts. The Council has concluded that the transactions are not material and that the preparation of group accounts is therefore not required.

30 Revenue from Contracts with Customers

The adopted standard is IFRS 15 (Revenue from Contracts with Customers). This standard requires authorities to recognise only the revenue it expects to receive and only when all outstanding performance obligations associated with the income has been satisfied. In reality it is not expected that this will change when and how income is recognised; however, it does come with increased disclosures in the Financial Statements. The Council has determined that IFRS 15 does not have any material impact on the accounts.

31 Going Concern Basis

The Statement of Accounts has been prepared on a 'Going Concern' basis. This assumption implicitly underpins local authority accounts which are drawn up in accordance with the Code of Practice on Local Authority Accounting, published by CIPFA. This reflects the economic and statutory environment in which local authorities operate.

• The Council is debt free and its balances remain healthy. A prudent and sustainable approach to financial management has meant that the General Fund (monies set aside to enhance financial resilience, offset the effect of adverse events and address the structural budget deficit) has been maintained at a minimum level of £20m (set by the Council's Director of Finance) since 31st March 2013. Earmarked Reserves, which currently exceed £200m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.

1 Statement of Accounting Policies continued

31 Going Concern Basis continued

• The Council's balance sheet as at 31st March 2024 shows a net worth of £753m, a decrease from £790m as at 31st March 2023.

• The Council is subject to a statutory framework governing its service provision, its duties & responsibilities, and its financial framework. This includes the statutory posts of the Head of Paid Service (Chief Executive), Section 151 Officer (Director of Finance) and Monitoring Officer (Director of Corporate Services). Despite the Council's funding gap and structural budget deficit, it has continued to meet the legal requirement of setting a balanced budget combined with the additional requirement of having regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves.

• The Council has a well-established and robust corporate governance framework to ensure compliance with laws and regulations. This coupled with political stability has provided a strong control environment at the operational and strategic level in the Council, enabling sound and balanced decision-making recognising the importance of financial prudence and sustainability.

31 Rounding

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

2 *Accounting Standards that have been Issued but have not yet been Adopted*

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented. At the balance sheetdate, the following new standards and amendments to existing standards have been published, but not yet adopted by the Code.

i) IFRS 16 Leases

This has now been postponed until 2024/25 and will require Councils that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

ii) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020

The amendments:

• specify that an entity's right to defer settlement must exist at the end of the reporting period

• clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement

• clarify how lending conditions affect classification, and

• clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

iii) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

iv) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

v) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.

Pillar Two applies to multinational groups with a minimum level of turnover.

The amendments introduced:

• a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and

• targeted disclosure requirements for affected entities.

vi) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The amendments require an entity to provide additional disclosures about its supplier finance arrangements.

The IASB developed the new requirements to provide users of financial statements with information to enable them to:

• assess how supplier finance arrangements affect an entity's liabilities and cash flows, and

• understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

None of the above amendments are expected to have a material impact on the information in the Financial Statements 2023/24.

3 *Critical Judgements in Applying Accounting Policies*

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

a) There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities or reduce levels of service provision.

b) A review in 2010/11 of significant contractual arrangements identified finance leases embedded within some of those contracts. This resulted in some Vehicles and Plant being brought on Balance Sheet from 1st April 2009 (restated in the 2010/11 financial statements). The most significant of these was on the contract for Refuse Collection, which was identified as a Service Concession. The vehicles used by the contractor were included on the Balance Sheet under Property, Plant and Equipment.
In addition a finance lease has been recognised in relation to a number of residential properties leased from Beehive. These are assumed to have a useful life of 50 years.
The value of these finance leases at 31st March 2024 was £31,565k.

c) In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank was a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2021, a total of £5,044k had been received from the administrator (99% of the Council's total claim of £5,087k). In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, as estimates of recovery have improved, part-reversals of those impairment losses have been made, including £58k in 2020/21. This reduced the balance of the provision for potential loss to £43k (1% of the Council's total claim).

d) Group boundaries have been estimated using the criteria set out in the CIPFA Code of Practice. The Council has identified one jointly controlled entity and consideration has been given as to whether the arrangement falls within the group boundary. The Council has determined that the level of retained profit is not quantitatively material for group accounts to be required. The Council’s jointly controlled entities are reviewed on an annual basis including other arrangements which may, when combined, become material in aggregate.

4 *Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty*

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.
The items in the Authority’s Balance Sheet at 31st March 2024 for which there is a risk of adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Uncertainties
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 that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the asset.
In any event, useful lives are reviewed regularly.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (cont)

Effect if Actual Results Differ
If the useful life of the assets is reduced, depreciation increases and the carrying amount of the asset falls.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in the estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Business Rates
Following the introduction on 1st April 2013 of the Business Rates Retention scheme, Local Authorities are liable for their proportionate share of successful appeals against business rates charged to businesses in 2012/13 and earlier financial years. A provision based on the best available information including Valuation Office (VOA) ratings list of appeals has been recognised for this liability.

Pensions Liability/Asset
Uncertainties
Estimation of the net asset/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 is engaged to provide the Authority with expert advice about the assumptions to be applied.

Effect if Actual Results Differ
In 2023/24 the Scheme's net liabilities were valued at £2.5m, mainly due to the defined benefit obligation increasing more than the fair value of plan assets.
The impact in future years will be assessed by the Council's actuary in subsequent IAS 19 reports.

Arrears
Uncertainties
At 31st March 2024, the Authority had a balance of sundry debtors of £21,647k. A review of the category, age and status of these debts suggested than an impairment of doubtful debts of 8.3% (£1,807k) was appropriate.

Effect if Actual Results Differ
If collection rates were to deteriorate, the impairment of doubtful debts would need to increase resulting in an additional sum being set aside as an allowance.

Fair Value Measurements
Uncertainties
When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority’s assets and liabilities.
Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (cont)

Effect if Actual Results Differ

The Authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (investment properties). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and other financial assets.

Britain Leaving the European Union

There is still uncertainty about the implications of Britain’s departure from the European Union. The transition period ended on 31st December 2020 at which stage the UK formally left the EU. The implications of this remain unclear and are not considered material for reporting purposes. The assumption has been made that this will not significantly impair the value of the council's assets. However, this assumption will be revisited and reviewed regularly.

5 Exceptional Items

There are no exceptional items to be reported for the 2023/24 financial year.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 26th February 2025. The existence of events after the Balance Sheet date has been considered up to this date and there are none to disclose. Events taking place after this date are not reflected in the financial statements or notes.

6B Prior Period Adjustment

(i) Background

The Code of Practice on Local Authority Accounting requires that the Authority must restate material prior period errors. The Council has a significant programme of planned capital expenditure (£314m for the period 2023/24 - 2027/28), which is predominantly for works to construct or improve physical assets.

Following a comprehensive review carried out during 2022/23, a total of £75m was added for works on the Council's operation property assets. Due to the increased need for capital financing resources as a result, and in consideration of the anticipated opening of the Housing Revenue Account, a decision was made to finance the housing schemes within the capital programme (£49m) from external borrowing, replacing the use of earmarked reserves that had originally been allocated to finance these schemes. Furthermore, whilst the Council has sufficient cashflow balances, and in anticipation of a reduction in the costs of external borrowing, the Council has deferred the use of external borrowing and used internal borrowing on a temporary basis.

The 2022/23 accounts were prepared based on the original agreed financing of these housing schemes i.e. through the use of earmarked reserves and direct revenue financing. This financing has now been corrected which results in a total of £43.3m adjustment between earmarked reserves and the capital adjustment account i.e. between usable and unusable reserves and a correspending adjustment between accounting basis and funding basis.

In addition, during the 2022/23 financial year, the Council completed construction of a number of residential properties for use as affordable/social housing. In the published 2022/23 accounts, this completion was accounted for as a reclassification of £10.6m from Assets Under Construction to Land & Building in Note 14 - Property, Plant and Equipment. This has subsequently been restated as a reclassification from Assets Under Construction to Council Dwellings.

The Code requires that when an Authority corrects for a prior period error, it should present an additional balance sheet at the beginning of the preceding period where those adjustments have a material effect. The Council has therefore prepared restated balance sheets as at 1st April 2022 and also as at 31st March 2023. The information for 2022/23 in the Movement in Reserves Statement and Expenditure and Funding Analysis and relevant disclosure notes has also been restated. There is no impact on the Comprehensive Income & Expenditure Statement and the Cashflow Statement.

The following tables provide a summary of the required adjustments.

6B Prior Period Adjustment continued

ii) Summary of Changes

A summary of changes to the 2022/23 Movement in Reserves is shown below:

2022/23 Movement in Reserves Statement (Published)

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31 March 2022 carried forward	**(269,226)**	**(30,307)**	**(29,697)**	**(329,230)**	**(509,823)**	**(839,053)**	
Movement in Reserves during 2022/23							
Total Comprehensive Income and Expenditure	65,118			**65,118**	(16,213)	**48,905**	
Adjustments between accounting basis & funding basis under regulations (Note 8)	4,160	961	(6,436)	**(1,315)**	1,315	**-**	
(Increase)/Decrease in 2022/23	69,278	961	(6,436)	**63,803**	(14,898)	**48,905**	
Balance at 31 March 2023 carried forward	**(199,948)**	**(29,347)**	**(36,133)**	**(265,427)**	**(524,721)**	**(790,148)**	

2022/23 Adjustments

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31 March 2022 carried forward	**(10,642)**				**10,642**		
Movement in Reserves during 2022/23							
Total Comprehensive Income and Expenditure				**0**		**0**	
Adjustments between accounting basis & funding basis under regulations (Note 8)	(32,716)			**(32,716)**	32,716	-	
(Increase)/Decrease in 2022/23	(32,716)	0	0	(32,716)	32,716	0	
Balance at 31 March 2023 carried forward	**(43,358)**	**0**	**0**	**(32,716)**	**43,358**	**0**	

2022/23 Movement in Reserves Statement (Restated)

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2022 carried forward	**(279,868)**	**(30,307)**	**(29,697)**	**(339,872)**	**(499,181)**	**(839,053)**
Movement in Reserves during 2022/23						
Total Comprehensive Income and Expenditure	65,118	0	0	**65,118**	(16,213)	**48,905**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(28,556)	961	(6,436)	**(34,031)**	34,031	**-**
(Increase)/Decrease in 2022/23	36,562	961	(6,436)	**31,087**	17,818	**48,905**
Balance at 31 March 2023 carried forward	**(243,306)**	**(29,347)**	**(36,133)**	**(308,785)**	**(481,363)**	**(790,148)**

6B Prior Period Adjustment continued

ii) Summary of Changes

A summary of changes to the 2022/23 opening Balance Sheet is shown below:

	Balance Sheet 1st April 2022 Published £000	Adjustments £000	Balance Sheet 1st April 2022 Restated £000
Property, Plant and Equipment	432,710		432,710
Heritage Assets	1,017		1,017
Investment Property	103,556		103,556
Long Term Investments	191,404		191,404
Long Term Debtors	-784		-784
Pension Asset	10,665		10,665
Long Term Assets	**738,568**	**0**	**738,568**
Short Term Investments	163,372		163,372
Assets Held for Sale (<1yr)	0		0
Inventories	176		176
Short Term Debtors	59,994		59,994
Cash and Cash Equivalents	32,438		32,438
Short Term Borrowing / Temporary Loans	0		0
Current Assets	**255,980**	**0**	**255,980**
Short Term Borrowing / Temporary Loans	-14,662		-14,662
Provisions	-16,339		-16,339
Short Term Creditors	-80,328		-80,328
Grants Receipts in Advance - Revenue	-5,662		-5,662
Grants Receipts in Advance - Capital	-7,956		-7,956
Current Liabilities	**-124,947**	**0**	**-124,947**
Other Long Term Liabilities	-30,548		-30,548
Long Term Liabilities	**-30,548**	**0**	**-30,548**
Net Assets	**839,053**	**0**	**839,053**
Usable Reserves	-329,230	-10,642	-339,872
Unusable Reserves	-509,823	10,642	-499,181
Total Reserves	**-839,053**	**0**	**-839,053**

6B Prior Period Adjustment continued

ii) Summary of Changes

A summary of changes to the 2022/23 closing Balance Sheet is shown below:

	Balance Sheet 31st March 2023 Published £000	Adjustments £000	Balance Sheet 31st March 2023 Restated £000
Property, Plant and Equipment	458,321		458,321
Heritage Assets	1,018		1,018
Investment Property	67,618		67,618
Long Term Investments	177,675		177,675
Long Term Debtors	22,834		22,834
Pension Asset			0
Long Term Assets	**727,465**	**0**	**727,465**
Short Term Investments	136,762		136,762
Assets Held for Sale (<1yr)	29,816		29,816
Inventories	237		237
Short Term Debtors	37,320		37,320
Cash and Cash Equivalents	29,552		29,552
Short Term Borrowing / Temporary Loans			0
Current Assets	**233,688**	**0**	**233,688**
Short Term Borrowing / Temporary Loans	-13,599		-13,599
Provisions	-15,052		-15,052
Short Term Creditors	-97,424		-97,424
Grants Receipts in Advance - Revenue	-8,304		-8,304
Grants Receipts in Advance - Capital	-5,028		-5,028
Current Liabilities	**-139,406**	**0**	**-139,406**
Other Long Term Liabilities	-31,599		-31,599
Long Term Liabilities	**-31,599**	**0**	**-31,599**
Net Assets	**790,148**	**0**	**790,148**
Usable Reserves	-265,427	-43,358	-308,785
Unusable Reserves	-524,721	43,358	-481,363
Total Reserves	**-790,148**	**0**	**-790,148**

7A *Note to the Expenditure and Funding Analysis*

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis **2023/24**

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Statutory Adjustments**	**Total Statutory Adjustments**	**Other Non Statutory Adjustments**	**Total Adjustments**
	Note 1	**Note 2**	**Note 3**			
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Care and Health	(111)	(107)	(146)	**(365)**	-	**(365)**
Children, Education and Families	(4,515)	(241)	(4,249)	**(9,004)**	6,696	**(2,309)**
Environment & Community Services	(18,590)	(51)	(51)	**(18,692)**	-	**(18,692)**
Public Protection & Enforcement	-	(25)	(22)	**(47)**	-	**(47)**
Renewal, Recreation and Housing	(7,619)	(88)	(92)	**(7,799)**	4,911	**(2,888)**
Resources, Commissioning and Contracts Management	(3,587)	204	(186)	**(3,569)**	21,101	**17,532**
Net Cost of Services	**(34,422)**	**(308)**	**(4,747)**	**(39,477)**	32,707	**(6,769)**
Other operating expenditure (i)	8,600		-	**8,600**	5,733	**14,334**
Financing and investment income and expenditure (ii)	149	11,716	-	**11,865**	(30,432)	**(18,567)**
Taxation and non-specific grant income and expenditure (iii)	-		635	**635**	7,537	**8,173**
	8,750	**11,716**	**635**	**21,101**	(17,162)	**3,939**
General Fund (Surplus)/Deficit	**(25,672)**	**11,408**	**(4,111)**	**(18,376)**	15,546	**(2,830)**

Adjustments between Funding and Accounting Basis **2022/23**

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Statutory Adjustments**	**Total Statutory Adjustments**	**Other Non Statutory Adjustments**	**Total Adjustments**
	Note 1	**Note 2**	**Note 3**			
	***Restated**	***Restated**	***Restated**	***Restated**	***Restated**	***Restated**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Care and Health	866	(2,525)	69	**(1,590)**	-	**(1,590)**
Children, Education and Families	(2,379)	(6,005)	(5,476)	**(13,860)**	7,136	**(6,724)**
Environment & Community Services	(4,401)	(1,118)	39	**(5,480)**	-	**(5,480)**
Public Protection & Enforcement	-	(604)	12	**(592)**	-	**(592)**
Renewal, Recreation and Housing	(1,419)	(1,898)	37	**(3,279)**	2,540	**(739)**
Resources, Commissioning and Contracts	(2,133)	(1,349)	43	**(3,439)**	16,229	**12,790**
Net Cost of Services	**(9,466)**	**(13,498)**	**(5,276)**	**(28,240)**	**25,905**	**(2,335)**
Other operating expenditure (i)	(29,912)		-	**(29,912)**	5,173	**(24,739)**
Financing and investment income and expenditure (ii)	29,662	436	-	**30,098**	(43,480)	**(13,382)**
Taxation and non-specific grant income and expenditure (iii)	-		3,058	**3,058**	8,844	**11,901**
	(250)	**436**	**3,058**	**3,244**	(29,463)	**(26,219)**
General Fund (Surplus)/Deficit	**(9,716)**	**(13,062)**	**(2,219)**	**(24,997)**	(3,558)	**(28,554)**

* See Note 6B

7A Note to the Expenditure and Funding Analysis continued

(i) **Adjustments for Capital Purposes**
Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

i) **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

ii) **Financing and investment income and expenditure -** the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

iii) **Taxation and Non Specific Grant Income and Expenditure** – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

(ii) **Net change for the Pensions Adjustments**
Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pensions related expenditure and income:

i) **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

ii) **For Financing and investment income and expenditure -** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) **Other Statutory Adjustments**
Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

i) **For Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

ii) The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

(iv) **Other Non-Statutory Adjustments**
Other Non-Statutory Adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement.

i) **For Financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

ii) For **Taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

7B Segmental Income

Income received on a segmental basis is analysed below:

Services	**2022/23 Income from Services**	**2023/24 Income from Services**
	£000	**£000**
Adult Care and Health	(52,507)	(64,582)
Children, Education and Families	(7,819)	(5,609)
Environment & Community Services	(23,448)	(26,815)
Public Protection and Enforcement	(583)	(586)
Renewal, Recreation and Housing	(17,865)	(20,224)
Resources, Commissioning and Contracts Management	(6,093)	(6,992)
Total income analysed on a segmental basis	**(108,314)**	**(124,809)**

8 Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

2023/24	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions Costs transferred to/(from) the Pensions Reserve				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	10,875			(10,875)
Employer's pension contributions and direct payments to pensioners payable in the year	533			(533)
C Tax and NDR transfers to/(from) the Collection Fund	635			(635)
Contribution to/from DSG Adjustment account	(3,516)			3,516
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	(1,230)			1,230
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure				-
Depreciation and impairment of non-current assets	(25,887)			25,887
Movements in the fair value of investment properties	(9,010)			9,010
Movements in the fair value of Financial Instruments	(321)			321
Capital grants & contributions	19,144		(19,144)	-
Revenue expenditure funded from capital under statute	(9,551)			9,551
Non-current assets written off on disposal or sale	-	(31,311)		31,311
Total Adjustments to Revenue Resources	**(18,329)**	**(31,311)**	**(19,144)**	**68,784**
Adjustments between Revenue and Capital Resources				
Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8,600	(10,457)		1,856
Transfer of deferred sale proceeds	-	-		-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts	-	-		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,165	-		(1,165)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,733	-		(5,733)
Total Adjustments between Revenue and Capital Resources	**15,499**	**(10,457)**	**-**	**(5,042)**
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	28,271	-	(28,271)
Application of capital grants to finance capital expenditure	-	-	14,557	(14,557)
Cash payments in relation to Deferred Capital Receipts	-	(66)	-	66
Total Adjustment to Capital Resources	**-**	**28,205**	**14,557**	**(42,762)**
Total Adjustments	**(2,830)**	**(13,563)**	**(4,587)**	**20,979**

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

2022/23	General Fund Balance *Restated £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves *Restated £000
	Usable Reserves			
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions Costs transferred to/(from) the Pensions Reserve				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	9,860			(9,860)
Employer's pension contributions and direct payments to pensioners payable in the year	(22,922)			22,922
C Tax and NDR transfers to/(from) the Collection Fund	3,058			(3,058)
Contribution to/from DSG Adjustment account	(5,562)			5,562
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	287			(287)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure				
Depreciation and impairment of non-current assets	(6,919)			6,919
Movements in the fair value of investment properties	(6,593)			6,593
Movements in the fair value of Financial Instruments	(20,658)			20,658
Capital grants & contributions	18,519		(18,519)	-
Revenue expenditure funded from capital under statute	(3,548)			3,548
Non-current assets written off on disposal or sale	(355)			355
Total Adjustments to Revenue Resources	**(34,833)**	**-**	**(18,519)**	**53,352**
Adjustments between Revenue and Capital Resources				
Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(29,912)	(88)		30,000
Transfer of deferred sale proceeds	30,000			(30,000)
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts				-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,018			(1,018)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,173			(5,173)
Total Adjustments between Revenue and Capital Resources	**6,279**	**(88)**	**-**	**(6,191)**
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		1,049		(1,049)
Application of capital grants to finance capital expenditure			12,083	(12,083)
Cash payments in relation to Deferred Capital Receipts				-
Total Adjustment to Capital Resources	**-**	**1,049**	**12,083**	**(13,132)**
Total Adjustments	**(28,554)**	**961**	**(6,436)**	**34,029**

*** See Note 6B**

9 *Transfers to/from Earmarked Reserves*

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

2023/24	Balance at 31st March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31st March 2024 £000
Technology Fund	(1,229)	98	(60)	(1,191)
Investment to Community	(229)	1	-	(228)
Planning Services Charging Account	155	444	-	599
Government Grants	(8,481)	8,481	(6,053)	(6,053)
Invest to Save	(18,276)	980	(71)	(17,367)
One off Member Initiatives	(654)	83	(16)	(587)
Infrastructure Investment Fund	(412)	240	-	(172)
Health & Social Care 'Promise Programme'	(3,953)	-	-	(3,953)
Winter Pressures	(2,010)	-	-	(2,010)
Key Health & Social Care Initiatives	(1,700)	-	-	(1,700)
Integration of Health & Social Care Initiatives	(1,614)	-	-	(1,614)
Collection Fund Surplus Set Aside	(37,155)	9,280	-	(27,875)
Healthy Bromley Fund	(2,465)	566	-	(1,899)
Parallel Fund	(3,097)	-	(152)	(3,249)
Health & Social Care Integrated Commissioning Fund	(3,030)	2,000	(450)	(1,480)
Financial Planning & Risk Reserve	(10,000)	-	(8,519)	(18,519)
Bromley Welfare Fund	(753)	233	-	(520)
Payment in Lieu Reserve for Temporary Accommodat	(536)	768	(505)	(273)
Business Rates Risk Reserve	(4,200)	2,670	-	(1,530)
Various Joint Schemes and Pump Priming Investments	(5,091)	2,368	(435)	(3,158)
Transition Fund	(2,559)	-	-	(2,559)
Environmental Initiatives	(425)	35	(4)	(394)
Professional Advice for Future Schemes	(122)	-	-	(122)
Utilisation of New Homes Bonus	(4,829)	-	(9)	(4,838)
Future Pensions Risk on Outsourcing	(1,729)	-	(282)	(2,011)
West Wickham Leisure Centre & Library Redevelopm	(623)	-	-	(623)
Income Equalisation Reserve	(9,030)	-	(4,210)	(13,240)
Transformation Fund	(1,224)	27	(11)	(1,208)
Growth Fund	(21,061)	2,581	-	(18,480)
Transformation Programme	(250)	-	-	(250)
Housing Investment Fund	(32,403)	212	(966)	(33,157)
High Street & Parks Improvement Fund	(71)	-	-	(71)
Day Centre Rent Relief	-	-	-	-
Housing Invest to Save	(3,409)	-	-	(3,409)
Health Facilities Fund	(993)	-	-	(993)
Health & Social Care Transformation Fund	(1,500)	-	-	(1,500)
Housing feasibility and viability	(36)	110	-	74
Website Update	-	-	-	-
Carbon Neutral Initiatives Fund	(875)	-	-	(875)
Walnuts Development	-	-	-	-
Hospital Discharge Funding	(5,031)	-	-	(5,031)
IT Services Procurement	-	-	-	-
COVID recovery Fund	(8,443)	4,178	-	(4,265)
Platinum Jubilee Fund	(854)	-	-	(854)
Capital Fund	(1,252)	-	-	(1,252)
CCG Contribution to Children Education and Families	-	-	-	-
Investment Fund	(6,146)	-	-	(6,146)
Treemendous Fund	(595)	-	(13)	(608)
Sub Total 2023/24	**(208,190)**	**35,355**	**(21,756)**	**(194,591)**

9 Transfers to/from Earmarked Reserves continued

2023/24	Balance at 31st March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31st March 2024
Balance brought forward from previous page	**(208,190)**	**35,355**	**(21,756)**	**(194,591)**
Strategy Transformation Fund	(149)	48	-	(101)
Social Care Staffing Fund	(1,700)	870	-	(830)
IT Procurement Fund	(336)	336	-	-
Legal Fund	(635)	65	-	(570)
Education Fund	(630)	525	-	(105)
Building Infrastructure Fund	(2,000)	852	-	(1,148)
Arboricultural Backlog Fund	(400)	-	-	(400)
Education Staffing Restructure	-	-	(600)	(600)
LBB owned affordable housing reserve	-	-	(469)	(469)
Schools	(3,070)	959		(2,111)
Insurance Fund	(3,912)	238	(877)	(4,551)
Sub total	**(221,022)**	**39,248**	**(23,702)**	**(205,476)**
Collection Fund Deferred Costs Reserve	(2,283)	2,283		-
Business Rates Adjustment Account				-
Total Earmarked Reserves 2023/24	**(223,305)**	**41,531**	**(23,702)**	**(205,476)**

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

2022/23	Balance at 31st March 2022 *Restated £000	Transfers Out 2022/23 *Restated £000	Transfers In 2022/23 *Restated £000	Balance at 31st March 2023 *Restated £000
Technology Fund	(1,198)	-	(31)	(1,229)
LPSA Reward Grant	(76)	76	-	-
LAA Pump Priming Grant	(155)	155	-	-
Town Centre Improvement Fund (LABGI)	(55)	55	-	-
Investment to Community	(259)	30	-	(229)
R & R Redundancy Reserve	(116)	116	-	-
Works to Property	(100)	100	-	-
Planning Services Charging Account (surplus+/deficit-)	(46)	201	-	155
Government Grants (available for future years)	(8,092)	8,092	(8,481)	(8,481)
Invest to Save	(18,512)	638	(400)	(18,274)
One off Member Initiatives	(681)	26	-	(655)
Infrastructure Investment Fund	(412)	-	-	(412)
Commissioning Authority Programme	(365)	365	-	-
Health & Social Care 'Promise Programme'	(3,953)	-	-	(3,953)
Housing Strategy Account	(25)	25	-	-
Community Right to Bid & Challenge	(46)	46	-	-
Winter Pressures	(2,010)	-	-	(2,010)
Refurbishment of War Memorials	(13)	13	-	-
Key Health & Social Care Initiatives	(1,700)	-	-	(1,700)
Integration of Health & Social Care Initiatives	(1,614)	-	-	(1,614)
Collection Fund Surplus Set Aside	(38,855)	1,700	-	(37,155)
Healthy Bromley Fund	(3,582)	1,117	-	(2,465)
Glaxo Wellcome Endowment	(65)	67	(2)	-
Cheyne Woods and Cyphers Gate	(138)	138	-	-
Public Halls Fund	(5)	5	-	-
Sub Total 2022/23	**(82,073)**	**12,965**	**(8,914)**	**(78,022)**

* See Note 6B

9 Transfers to/from Earmarked Reserves continued

2022/23	Balance at 31st March 2022 *Restated	Transfers Out 2022/23 *Restated	Transfers In 2022/23 *Restated	Balance at 31st March 2023 *Restated
Balance brought forward from previous page	**(82,073)**	**12,965**	**(8,914)**	**(78,022)**
Future Repairs of 145, High Street	(91)	93	(2)	-
Parallel Fund	(3,020)	-	(77)	(3,097)
Health & Social Care Integrated Commissioning Fund	(3,030)	-	-	(3,030)
Financial Planning & Risk Reserve	(10,000)	-	-	(10,000)
Bromley Welfare Fund	(932)	179	-	(753)
Payment in Lieu Reserve for Temporary Accommodation	(371)	49	(214)	(536)
Business Rates Risk Reserve	(4,200)	-	-	(4,200)
Crystal Palace Park Improvements	(26)	26	-	-
Various Joint Schemes and Pump Priming Investments	(5,013)	-	(78)	(5,091)
Transition Fund	(2,559)	-	-	(2,559)
Environmental Initiatives	(428)	3	-	(425)
Apprenticeship Scheme	(79)	79	-	-
Civic Centre Development Strategy	(257)	257	-	-
Professional Advice for Future Schemes	(122)	-	-	(122)
Utilisation of New Homes Bonus	(4,576)	-	(253)	(4,829)
Future Pensions Risk on Outsourcing	(1,491)	9	(247)	(1,729)
West Wickham Leisure Centre & Library Redevelopment	(623)	-	-	(623)
Income Equalisation Reserve	(6,986)	-	(2,044)	(9,030)
Transformation Fund	(1,224)		-	(1,224)
Growth Fund	(21,239)	178	-	(21,061)
Capital Funding for Property Disposal/Feasibility Works	(78)	78	-	-
Biggin Hill Airport Project	(15)	15	-	-
Transformation Programme	(251)	-	-	(251)
Housing Investment Fund	(35,454)	3,051	-	(32,403)
High Street & Parks Improvement Fund	(71)	-	-	(71)
Contribution to YES Funding for 2019/20	(45)	45	-	-
Day Centre Rent Relief	(6)	6	-	-
Housing Invest to Save	(3,409)	-	-	(3,409)
Health Facilities Fund	(993)	-	-	(993)
Health & Social Care Transformation Fund	(1,500)	-	-	(1,500)
Housing feasibility and viability	(108)	72	-	(36)
Website Update	(73)	73	-	-
Carbon Neutral Initiatives Fund	(875)	-	-	(875)
Walnuts Development	(31)	31	-	-
Hospital Discharge Funding	(3,354)	-	(1,677)	(5,031)
IT Services Procurement	-	-	-	-
COVID recovery Fund	(13,043)	4,600	-	(8,443)
Platinum Jubilee Fund	(1,000)	146	-	(854)
Capital Fund	(2,900)	2,630	(981)	(1,251)
CCG Contribution to Children Education and Families	(814)	814	-	-
Investment Fund	(6,130)	(16)	-	(6,146)
Treemendous Fund	-	-	(595)	(595)
Social Care Staffing Fund	-	-	(1,700)	(1,700)
IT Procurement Fund	-	-	(336)	(336)
Legal Fund	-	-	(635)	(635)
Education Fund	-	-	(630)	(630)
Building Infrastructure Fund	-	-	(2,000)	(2,000)
Arboriculture Backlog Fund	-	-	(400)	(400)
Strategy Transformation Fund	-	-	(149)	(149)
Schools	(2,807)	-	(264)	(3,071)
Insurance Fund	(4,002)	1,579	(1,489)	(3,912)
Sub total	**(225,299)**	**26,962**	**(22,685)**	**(221,022)**
Collection Fund Deferred Costs Reserve	(4,945)	2,662	-	(2,283)
Business Rates Adjustment Account	(32,540)	32,540	-	-
Total Earmarked Reserves 2022/23	**(262,784)**	**62,164**	**(22,685)**	**(223,305)**

* See Note 6B

9 *Transfers to/from Earmarked Reserves continued*

- Balances Held by Schools (under a Scheme of Delegation) - school balances represent sums delegated to schools in accordance with the Education Reform Act 1988 which had not been spent at 31st March. Any underspending on the budget of the school remains at the disposal of the school to spend in future financial years.
- Insurance Fund - provides for the self-insurance of all losses up to a maximum in any year of £750k for material damage claims and £1,750k for Employers and Public Liability claims. External insurers are used to provide for losses in excess of these sums.
- Local Public Service Agreement (LPSA) Reward Grant - relates to Reward Grant received in 2005/06 and 2006/07 as a result of achievement of performance targets in LPSA1.
- LAA Reward Grant - relates to reward grant received from the Government as a result of the achievement of performance targets in our Local Area Agreement.
- Technology Fund - exists to provide resources to allow investment in ICT within the Borough to help improve the efficiency of departments and provide more comprehensive information and communication systems for Members, officers and the public.
- Reserve for Potential Redundancy Costs - provision set aside to meet potential redundancy implications in future years.
- Public Halls Fund - used for property/access works to facilitate greater participation at charity and community halls.
- Town Centre Improvement Fund - the Council has received funding through the Local Authority Business Growth Incentive Scheme which has been set aside to provide a contribution to the Town Centre Development Fund. A sum of £1,022k was ring fenced to contribute towards the costs associated with the relocation of Orpington Library. The balance is available for expenditure related to the development and sustainability of town centres.
- Ex Glaxo Land Maintenance - an endowment has been received for future maintenance of land conveyed to the London Borough of Bromley.
- Planning Services Charging Account - to account for surpluses and funding of deficits to be offset against future charges in accordance with Bromley's Building Regulations Charging Scheme.
- Grant Related Expenditure - established to account for the carry forward of underspends of grant related expenditure where there are no conditions attached to the associated grant income.
- Investment to Community Fund - set up in 2009/10 to provide investment to the community and voluntary sector as determined by Members.
- Works to Property - a fund set aside to meet potential unrecoverable costs associated with works to a property.
- Investment Fund - a fund established to maximise economic growth which will include investment opportunities and undertaking key infrastructure improvements. A key strand of the Council's financial strategy relates to economic development and generating income. The fund will provide key regeneration opportunities whilst also being utilised to provide a long term alternative income stream. In 2014/15, £10m was transferred to the Growth Fund.
- Invest to Save - a fund established in 2011/12 to support invest to save initiatives with any savings taking into account an element for repaying the fund whilst generating further savings that can be factored into future years' budgets.
- Bromley Welcare - set aside to commission a time limited, step up/step down service as part of a managed funding strategy.
- One-off Member Initiatives - a fund set aside to be earmarked against Member priority initiatives to be delivered by the Executive or Portfolio Holders as appropriate.

9 Transfers to/from Earmarked Reserves continued

- Infrastructure Investment Fund - funding set aside to partly reduce the risk of reducing levels of property and equipment maintenance which could result in more costly longer term costs being incurred.
- Commissioning Authority Programme - monies set aside to finance work associated with transforming LBB into a commissioning-based organisation.
- Health & Social Care 'Promise Programme' - monies set aside of funding from the PCT (now CCG) for investment in further integration of health and social care initiatives and the 'Promise Programme'.
- Housing Strategy Trading Account - to account for surpluses and funding of deficits to be offset against future affordable housing charges.
- Community Right to Bid and Challenge - funding set aside to specifically meet the costs arising from administering the scheme and to nominate officers to assess the asset of the community value nominations and any compensation claims from owners.
- Winter Pressures (Social Care & Health) - monies set aside of funding from the PCT (now CCG) to invest in social care services to benefit health and improve overall health gain.
- Refurbishment of War Memorials - monies set aside for the refurbishment of war memorials.
- Key Health and Social Care Initiatives - funding set aside as part of the wider integration of health and social care to support future integration and investment initiatives.
- Integration of Health and Social Care Initiatives - funding set aside as part of the wider integration of health and social care to support future integration and investment initiatives.
- Cheyne Woods & Cypher's Gate - funding received to enable future land maintenance costs of these sites.
- Healthy Bromley Fund - monies set aside as a cross-Council fund to support key initiatives that will help improve the wellbeing of Bromley residents.
- Transformation Fund - funding set aside to meet potential severance costs arising from a need for significant budget savings to be achieved over the next few years, and additional costs arising from a need to support staff in a changing organisation.
- Future Repairs of High Street Properties - funding set aside from annual rental income to deal with required repairs and structural work on High Street properties, acquired as part of the Council's investment property portfolio.
- Collection Fund Surplus Set Aside - monies set aside towards meeting the 'budget gap' in future years.
- Parallel Fund - a reserve set up in 2014/15 with the aim of providing for the potential future impact of actuarial reviews of the Council's Pension Fund.
- Growth Fund - an allocation of £10m from the Investment Fund was set aside in 2014/15 as a reserve for investments that support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre.
- Health and Social Care Integrated Commissioning - a reserve set up from one off funding from the Bromley Clinical Commissioning Group, to deliver the investment required by Health working with the Council to deliver integrated 'out of hospital' services across the whole health and care system.
- Financial Planning & Risk Reserve - funding set aside in 2014/15 to deal with the impact of the ongoing budget gap and possible utilisation of the reserve to support future years budgets.
- Bromley Welfare Fund - a fund for a 'White Goods and Furniture Scheme' to help with the impact of Welfare reforms on the discretionary housing payments budget.

9 Transfers to/from Earmarked Reserves continued

- Payments in Lieu (PIL) Reserve for Temporary Accommodation - a reserve set up for surplus rental income from properties purchased with Payment in Lieu Funds for Temporary Accommodation. The reserve will be used for repairs and maintenance costs of the properties, and for the provision of further affordable housing.
- Business Rates Risk Reserve - a fund established to manage the impact of any unexpected reductions in retained business rate income during 2015/16 and future years.
- One Off Expenditure in 2016/17 (inc TFM Contract) - one off funding of £461k was set aside in an earmarked reserve to support the following initiatives in 2016/17:
  - Youth Offending Services - £97k for continued additional staffing resources required for the YOS in preparation for a re-inspection of the service in 2016/17.
  - Bromley Safeguarding Children's Board (BSCB) - £55k to support the continuation of the boards safeguarding activites in 2016/17.
  - Total Facilities Management Contract (TFM) - an amount of £309k was set aside in an earmarked reserve to carry out the 'due diligence' work for the TFM contract prior to any final contract agreement.
- Crystal Palace Park Improvements - £240k was set aside in an earmarked reserve as a Community Project Fund. It will be used to award grants for the completion of small capital and revenue projects submitted by community groups over a period of three years.
- Various Joint Schemes and Pump Priming Investments in Health & Social Care - funding set aside to allow for the continuation of agreed joint schemes and pump priming investment for more cost effective models of delivery across Health & Social Care in Bromley.
- Transition Fund - a reserve set up to provide funding for pump-priming and other transitional arrangements in key service provision.
- Children Social Care Transition Fund - funding set aside to cover the cost of 15 additional social workers and reduce the average caseload of a social worker.
- Environmental Initiatives - £500k was set aside in an earmarked reserve to enhance the wide range of Environmental services in the street environment, parks countryside and trees.
- Planning/Planning Enforcement - funding set aside to provide a dedicated senior planning resource to assist in the development of sites that the Council intends to sell, provide advice on major development sites in the borough and additional resources to undertake planning enforcement action.
- Apprenticeship Scheme - funding set aside to support the implementation of a two year Apprenticeship Programme in light of the Apprenticeship Levy.
- Civic Centre Development Strategy - funding set aside for additional consultancy services for the development of the Civic Centre site.
- CSC Recruitment and Retention - a fund established to support recruitment and retention initiatives in Childrens Social care.
- Future Professional Advice for Commissioning - funding set aside to meet external professional advice in support of future schemes as required.
- Utilisation of New Homes Bonus - established to set aside income received to support the revenue budget.
- Future Pensions Risk in Outsourcing - monies set aside to meet potential future pension liabilities for staff transferred to outsourced services.
- West Wickham Leisure Centre & Library Redevelopment - monies set aside to undertake initial consultancy and survey works for the redevelopment of West Wickham Leisure centre and Libraries.
- Income Equalisation reserve - to mitigate any potential loss in the capital value of pooled funds within treasury management investments, the Council has set aside interest/dividend earnings on these funds above 2.5%.

9 Transfers to/from Earmarked Reserves continued

- Capital Funding for Property Disposals/Feasibility Works - £250k was set aside to allow for feasibility works to be commissioned against specific sites.
- Biggin Hill Airport Project funding has been set aside for any potential future monitoring cost in relation to the revised operating hours of Biggin Hill Airport.
- Transformation Programme, resources set aside to meet any additional resource requirements and the use of specialised advice, in relation to the transformation reviews that will be undertaken across the Council.
- Housing Investment Fund established to fund investment choices identified through the Council’s Transformation programme to reduce homelessness costs in the local area. Executive recommended a contribution to the reserve of £9.895m at its meeting on 24th March 2021.
- High Street & Parks Improvement Fund, external funding received for High Street and Town Centre cleansing works, and improvement works in Parks and Greenspaces.
- Contribution to YES Funding for 2019/20 set aside to provide funding to the Bromley Education Business Partnership (BEBP) to continue the successful delivery of the Youth Employment Scheme (YES) that helps support the generation of employment opportunities and tackle local youth unemployment.
- Day Centre Rent Relief monies set aside for short term assistance to Day Centres.
- Housing Invest to Save established to fund investment choices identified through the Council’s Transformation programme to reduce homelessness costs in the local area.
- Health Facilities Fund - funding of £993k from Bromley Clinical Commissioning Group has been set aside for investment in health facilities
- Health & Social Care Transformation Fund - a reserve set up using one off funding from Bromley Clinical Commissioning Group to develop new transformation opportunities which provide a benefit to health care with a positive impact on social care.
- Housing Feasibility and Viability - £250k has been set aside in a Housing Feasibility and Viability earmarked reserve. This will enable the Council to effectively and efficiently assess the viability of potential capital schemes, ensuring that opportunities are rigorously tested to inform wider decision making.
- Website Update - £150,000 was set aside in 2020/21 to allow works to be undertaken to update the Council's website and associated facilities.
- Carbon Neutral Initiatives Fund - Executive recommended at its meeting on 10th February 2021 that £875,000 be set aside in a Carbon Neutral Initiatives Fund to support the aim of being carbon neutral.
- COVID Related Service Pressures - at it's meeting on 24th March 2021, Executive recommended that the sum of £3.767m be set aside in an earmarked reserve as a contribution to the provision for COVID related service pressures in future years. A further £6.506m was recommended on 30th June 2021
- IT Services Procurement - funding was set asise to cover IT costs in future years.
- Collection Fund Deferred Costs - Although the Council is required to account for these balances as a Reserve in 2020/21, it is important to note that equivalent spend will be incurred during 2021/22 and 2022/23.
- Walnuts Development Feasibility - £80k was approved to be set aside on 1st July 2020 as a reserve to review the development opportunities at the Walnuts shopping centre and surrounding area.
- Hospital Discharge Fund - funding has been set aside to create a 'whole system reserve' that can be upon to avoid crisis in the joint health and social care systems.
- DSG Reserve - The Council has reported an overall Dedicated School Grant (DSG) deficit for the year 2020/21 of £1.139m (this is the first year an overall deficit in the DSG has been reported) which equates to approximately 0.4% (Final Allocation £2,856,826,240 / DSG Reserve Balance £1,138,502) of the gross DSG allocation. The Council’s major pressure in the DSG is from the High Needs Block and is due to the increasing numbers of pupils with Education, Health and Care Plans and the costs of placements and support for these children.
- Business Rates Account - This reserve was set up to ensure the Council keeps extra government grant for COVID relief for its intended purpose and will be used in future years.

10 Other Operating Expenditure

2022/23 £000		2023/24 £000
1,272	Levies	1,300
	Other Income	
(24)	Distribution of former LRB Balances	
(88)	Losses/Gains on the Disposal of Non-Current Assets *	(8,600)
1,160	**Total**	**(7,300)**

11 Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
821	Interest Payable and Similar Charges	862
(436)	Net Interest on the Net Defined Benefit Liability	(11,716)
(10,736)	Interest Receivable and Similar Income	(19,826)
(64)	(Income)/Expenditure in Relation to Investment Properties and changes in their fair value	5,122
14,146	Other Investment Income & Expenditure	914
3,731	**Total**	**(24,644)**

12 Taxation and Non Specific Grant Income

2022/23 £000		2023/24 £000
(181,235)	Council Tax Income	(194,576)
(19,485)	Business Rates Income	(44,564)
3,410	Non-Ring fenced Government grants	(1,966)
(8,844)	Capital Grants and Contributions	(7,537)
(206,154)	**Total**	**(248,643)**

13 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2022/23 £000	2023/24 £000
Expenditure		
Employee Expenses	132,046	132,945
Other Service Expenses	478,634	554,438
Support Service Recharges	(2,292)	(2,619)
Depreciation and Impairment	12,373	14,134
Precepts and Levies	1,272	1,654
Interest and Investment Payments	1,911	2,289
Net Interest on the Net Defined Liability	(436)	(11,716)
Total Expenditure	**623,509**	**691,125**
Income		
Fees, Charges & Other Service Income	(68,807)	(79,613)
Other Income	4,469	5,508
Gain or Loss on Disposal of Non Current Assets	(112)	(8,954)
Interest and Investment Income	(4,338)	(24,227)
Income from Council Tax	(181,235)	(194,576)
Income from Non Domestic Rates	(19,485)	(20,337)
Government Grants and Contributions	(288,883)	(348,267)
Total Income	**(558,391)**	**(670,467)**
(Surplus) / Deficit on Provision of Services	**65,118**	**20,659**

14 Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Council Dwellings £000	Total Property, Plant & Equipment £000
<u>Movements in 2023/24</u>							
Cost or Valuation							
Balance at 1st April 2023 (*Restated)	597,990	27,381	2,494	30,543	11,936	10,608	680,952
Additions	422	1,839	208		38,555	114	41,138
Revaluation increases recognised						509	509
in Revaluation Reserve	9,532			2,271			11,803
Derecognition - disposals		(10)					(10)
Assets reclassified to/from							-
Investment Properties							-
Other Assets reclassified	4,543			2,229	(25,163)		(18,390)
Assets reclassified to/from Assets							-
Held for Sale	(32,456)						(32,456)
As at 31st March 2024	580,031	29,210	2,702	35,043	25,328	11,231	683,545
Accumulated Depreciation & Impairment							
As at 1st April 2023	(301,613)	(8,587)	(1,873)	(21,480)	-		(333,553)
Depreciation charge	(6,969)	(2,343)	(88)			(232)	(9,632)
Impairment losses recognised							-
in Revaluation Reserve	(1,480)			(478)			(1,958)
Impairment (losses)/reversals							-
recognised in Deficit on Provision							-
of Services	(7,009)					(96)	(7,105)
Derecognition - disposals		10			(3,680)		(3,670)
As at 31st March 2024	(317,071)	(10,920)	(1,961)	(21,958)	(3,680)	(328)	(355,918)
Net Book Value							
As at 31st March 2024	262,960	18,290	741	13,085	21,648	10,903	327,627
As at 31st March 2023	296,377	18,794	621	9,063	11,936	10,608	347,399

* See Note 6B

14 Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Council Dwellings	Total Property, Plant & Equipment £000
<u>Comparative Movements in 2022/23</u>							
Cost or Valuation							
As at 1st April 2022	576,893	24,992	2,494	30,543	12,624		647,546
Additions	1,095	2,905			11,096		15,096
Revaluation increases recognised in Revaluation Reserve	19,296						19,296
Derecognition - disposals		(516)					(516)
Assets reclassified to/from Investment Properties							-
Other Assets reclassified (*Restated)	1,132				(11,784)	10,608	(44)
Assets reclassified to/from Assets Held for Sale	(426)						(426)
As at 31st March 2023	597,990	27,381	2,494	30,543	11,936	10,608	680,952
Accumulated Depreciation & Impairment							
Balance at 1st April 2022	(299,860)	(6,734)	(1,790)	(19,210)	-		(327,594)
Depreciation charge	(5,991)	(1,863)	(83)				(7,937)
Impairment losses recognised in Revaluation Reserve	(1,946)			(1,540)			(3,486)
Impairment (losses)/reversals recognised in Deficit on Provision of Services	6,184			(730)			5,454
Derecognition - disposals		10					10
As at 31st March 2023	(301,613)	(8,587)	(1,873)	(21,480)	-	-	(333,553)
Net Book Value							
As at 31st March 2023	296,377	18,794	621	9,063	11,936	10,608	347,399
As at 31st March 2022	277,033	18,258	704	11,333	12,624	-	319,952

* See Note 6B

14 Property, Plant and Equipment continued

(i) ***Depreciation***

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Land is not depreciated.
Buildings – straight-line depreciation on remaining useful lives ranging from 5 to 55 years.
Community Assets – straight-line depreciation over 30 years.
Surplus Assets are not depreciated.
Vehicles, Plant, Furniture & Equipment – straight-line depreciation over 1 to 15 years down to residual value.
Infrastructure – straight-line depreciation over 15 to 40 years.

(ii) ***Capital Commitments***

At 31st March 2024, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £30.2m.
This mainly comprised commitments relating to Churchill Court (10.7m), Provision of Library and Housing improvements in West Wickham (9.1m), Health & Wellbeing Centre (Adventure Kingdom) (0.7m), OPR Libraries (0.6m), OPR Leisure Centres (0.6m), Bromley North Housing (0.5m), LIP Formula Funding (£0.9m).

Commitments at 31st March 2023 totalled £16.4m.

(iii) ***Revaluations***

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. In 2023/24, all valuations were carried out by Montagu Evans. Up to and including 2011/12, all valuations were carried out internally
Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.
The methodology for estimating the fair values of Property, Plant and Equipment is set out in the Statement of Accounting Policies (policy 18).

	Land & Buildings £000	**Vehicles, Plant, Furniture & Equipment £000**	**Community Assets £000**	**Surplus Assets £000**	**Assets Under Construction £000**	**Council Dwellings £000**	**Total Property, Plant, & Equipment £000**
Carried at Historical Cost as at:							
31st March 2024	-	18,290	740	-	21,648		40,678
Valued at Current Value as at:							
31st March 2023 (*Restated)	(101,830)			10,856		10,903	(80,071)
31st March 2022	207,683			13,316			220,999
31st March 2021	(15,426)			(6,027)			(21,453)
31st March 2020	221,356		-	(360)	-	-	220,996
31st March 2019	(48,824)		-	(4,700)	-	-	(53,524)
Total Assets at Current Value	262,959	-	-	13,085	-	10,903	286,947
Total Property, Plant & Equipment							
31st March 2024	**262,959**	**18,290**	**740**	**13,085**	**21,648**	**10,903**	**327,625**

* See Note 6B

14 Property, Plant and Equipment continued

(iv) ***Infrastructure***

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net book value (modified historical cost)	**2022/23**	**2023/24**
As at 1 April	112,757	110,922
Additions	2,601	3,370
Derecognition	-	-
Depreciation	(4,436)	(4,502)
Impairment	-	-
Other movements in cost	-	-
As at 31 March	**110,922**	**109,790**

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

15 *Heritage Assets*

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority.

	Mayoral Regalia £000	Art Works £000	Total Assets £000
Cost or Valuation			
1st April 2022	673	345	1,018
Movement during year	-	-	-
Net Book Value 31st March 2023	673	345	1,018
Cost or Valuation			
1st April 2023	673	345	1,018
Movement during year	-	-	-
Net Book Value 31st March 2024	673	345	1,018

Further details of Heritage Assets are provided in Note 48 and details of the accounting arrangements are provided in the Statement of Accounting Policies (policy 13).

16 *Investment Property*

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

2022/23 £000		2023/24 £000
(7,748)	Rental Income from Investment Property	(5,315)
1,090	Direct Operating Expenses arising from Investment Property	1,427
(6,658)	**Net gain**	**(3,888)**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property. The Authority does, however, have a contractual obligation to contribute 15% to the cost of any major refurbishment of The Glades Shopping Centre. As is usual commercial practice, repairing and maintenance obligations are defined in the individual leases.

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

2022/23 £000		2023/24 £000
103,556	Balance at Start of Year	67,618
	Purchases	18,390
	Disposals	(10,505)
	Reclassified to Property, Plant and Equipment	
(29,345)	Reclassified to Assets Held for Sale	
	Reclassified from Surplus Properties	
(6,593)	Net Gains/(Losses) from Fair Value Adjustments	
67,618	**Balance at End of Year**	**75,503**

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Lessee disclosures for investment properties held under operating leases are included in Note 40.

16 *Investment Property continued*

Details of the authority's investment properties as at 31st March 2023 and 2024 are as follows:

2022/23 £000		2023/24 £000
11,125	Office units	21,960
6,745	Airport	6,745
16,520	Industrial	16,620
30,410	Commercial units	27,340
2,818	Other	2,838
67,618	**Balance at End of Year**	**75,503**

The fair value for all classes of investment properties has been based on the income approach using rental value, lease term, and an estimated yield appropriate to the class of property and other relevant information as inputs for fair value measurement.

There has been no change in the valuation techniques used during the year for investment properties, and all measurements have been categorised at Level 2 in the fair value hierarchy. There were no transfers between levels during 2023/24.

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

17 *Financial Instruments*

(a) Categories of Financial Instruments

The following categories of financial instruments are carried in the balance sheet:

	Non-Current		Current	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Financial Assets	£000	£000	£000	£000
Amortised Cost				
Investments	13,095	88,391	202,277	136,762
Debtors *	24,349	22,834	52,506	23,771
Cash and Cash Equivalents			16,197	29,552
	37,445	111,225	270,980	190,086
Fair Value through Profit or Loss				
Investments	87,591	89,284	890	
Total Financial Assets	**125,036**	**200,509**	**271,870**	**190,086**
Financial Liabilities				
Amortised Cost				
Creditors *	-	-	(55,670)	(80,353)
Total Financial Liabilities	**-**	**-**	**(55,670)**	**(80,353)**

* The value of debtors and creditors reported in the table above are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument such as tax-based debtors and creditors.

In accordance with the requirements of the Code, accruals for investment interest income due during the year but not received as at 31st March are included in short term investments in the Balance Sheet. The balances as at 31st March 2024 include a total principal of £314,486k and total accrued interest of £8,271k (£304,611k and total accrued interest of £9,826k as at 31st March 2023).

17 *Financial Instruments continued*

(b) *Income, Expense, Gains and Losses*	Other Comprehensive Income and Expenditure 2023/24	Surplus or Deficit on the Provision of Services 2022/23	2023/24
	£'000	£'000	£'000
Net (Gains)/Losses on:			
Available for Sale Financial Assets	-	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	(14,147)	(914)
Total Net (Gains)/Losses	**-**	**(14,147)**	**(914)**
Interest Income		3,410	19,737
Interest Expense		821	923
Net Interest		**4,231**	**20,660**

The net gain on Financial Assets Measured at Fair Value through Profit or Loss relates to the upward revaluation of three investments (£40m in a Property Fund and £50m in a Multi Asset Income Fund).

(c) Fair Value of Financial Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Except for the financial assets and financial liabilities carried in the Balance Sheet at fair value, all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. Fair value can be assessed by calculating the net present value of cash flows that are expected to take place over the remaining life of the instruments.

Valuation of fixed term deposits is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration (i.e. from valuation date to maturity). The structure and terms of the comparable instrument should also be the same. The rates used in the valuation were obtained from the market on 31st March 2024, using bid prices where applicable.

Where an investment has a maturity of less than 12 months, the fair value is taken to be the total of principal outstanding and accrued interest.

The fair values calculated are as follows:

	1st April 2023		**31st March 2024**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets held at Amortised Cost	**£000**	**£000**	**£000**	**£000**
Investments	314,437	314,437	303,853	303,853
Long Term Debtors	22,834	22,834	24,349	24,349
Cash and Cash Equivalents	29,552	29,552	16,197	16,197
Total Financial Assets	**366,824**	**366,824**	**344,400**	**344,400**

For investments with less than 1 year to maturity, the carrying amount is the same as the fair value (i.e. principal plus interest). For investments with more than 1 year to maturity, the fair value is higher or lower than the carrying value depending on whether the relevant interest rate is higher or lower than rates available for similar loans at the Balance Sheet date.

All investments have been categorised as fair value hierarchy level 2, and there has been no change in valuation technique or hierarchy level during the year for the financial instruments.

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

17 Financial Instruments continued

(d) Long Term Debtors (due after one year) at 31st March

Included as Financial Assets are Long-Term Debtors, which comprise amounts owed to the Authority by various bodies that are not expected to be repaid within one year of the Balance Sheet date and do not, therefore, meet the definition of current assets.

2023 £000		2024 £000
1,214	Loans for Miscellaneous Advances	2,201
(1)	Loans to Private Street Work Frontagers	(1)
21,621	Loans to Meadowship Homes	22,149
22,834		**24,349**

* Under the Housing Stock Transfer agreement concluded with Clarion Housing Group (formerly Broomleigh Housing Association) in 1992, the Council receives a proportion of the income from the sale of Council Houses every three years. A debtor is included in the accounts until the money is actually received; a long-term debtor in the first two years and a short-term debtor in the final year.

(e) Material Soft Loans made by the Council

Soft Loans to Meadowship Homes LLP

The loans to Meadowships Homes LLP and Meadowship Homes 2 LLP, joint ventures in which the Council is a 50/50 partner, for the acquisition, refurbishment and management of affordable housing are deemed to be material soft loans - the repayments are below the market rate as evidenced by the rates from the other lenders to the LLPs.

2023 £000		2024 £000
13,133	Opening Balance	21,621
15,000	Nominal value of new loans granted in the year	
(6,993)	Fair value adjustment on initial recognition	
	Loans repaid	(66)
	Impairment Losses	
481	Other Changes	594
21,621		**22,149**

Valuation assumptions - The effective interest rate at which the fair value of these soft loans have been made is the same as the effective rate from the other lenders to the LLPs.

18 Inventories

	Road Salt		Other Consumables		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Balance outstanding at start of year	**246**	**162**	**6**	**7**	**252**	**169**
Purchases	84	102	11	14	**95**	**116**
Usage/Payment/Transfers during the year	(21)	(18)	(10)	(15)	**(31)**	**(33)**
Written off Balances	(38)	-	-	-	**(38)**	**-**
Balance outstanding at year-end	**271**	**246**	**7**	**6**	**278**	**252**

19 Short - Term Debtors

31st March 2023 Net £000		31st March 2024 Net £000
	Debtors	
(8,372)	Central Government Bodies	(1,995)
9,256	Other Local Authorities	6,333
1,037	Council Tax	722
15,225	NNDR	15,225
4,204	NHS Bodies	8,114
16	Public Corporations and Trading Funds	117
9,869	Other Entities and Individuals	12,243
31,234		40,759
6,086	***Payments in Advance***	3,731
37,320		**44,490**

20 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2022/23 £000		2023/24 £000
57	Cash held by the Authority	55
6,496	Bank Current Accounts	(2,763)
23,000	Short-term Deposits with Money Market Funds*	18,904
29,552	**Total Cash and Cash Equivalents**	**16,197**

* Short-term investments that meet the Code's definition of cash equivalents are also referred to in Note 17 (a).

21 Assets Held for sale

Assets Held for Sale are items of Property, Plant and Equipment whose carrying amount is to be recovered through a sale rather than its continued use by the Authority. They are measured at the lower of the value they had when it was agreed they would be sold and fair value less costs to sell. Assets Held for Sale that are expected to be sold within 1 year of the Balance Sheet date are shown on the Balance Sheet as Current Assets.

2022/23 £000		2023/24 £000
-	**Balance outstanding at start of year**	29,816
	Assets newly classified/(declassified) as held for sale:	
471	Property, Plant and Equipment	34,685
29,345	Investment Properties	(2,229)
	Revaluation losses - recognised in Revaluation Reserve	(14,769)
	- recognised in deficit on Provision of Services	(4,648)
	Revaluation gains	-
	Assets sold	(29,816)
29,816	**Balance outstanding at year-end**	**13,039**

22 Financial Assets/Liabilities

Short Term Borrowing / Temporary Loans

	Balance as at 31st March 2023 £000	Loans Raised £000	Loans Repaid £000	Balance as at 31st March 2024 £000
Pension Fund	(13,155)		5,581	(7,574)
Former LRB Fund	(444)	(666)	444	(666)
	(13,599)	**(666)**	**6,025**	**(8,240)**

23 Short - Term Creditors

31st March 2023 £000	*Creditors*	31st March 2024 £000
(857)	Central Government Bodies	(182)
(3,807)	Other Local Authorities	(2,735)
(5,628)	NHS Bodies	(3,473)
(413)	Public Corporations	(783)
(1,280)	Council Tax	(1,172)
(5,293)	Council Tax Precepts (GLA)	(6,168)
(5,552)	NNDR Central Government	(5,440)
(6,225)	NNDR GLA	(6,100)
(1,138)	NNDR LBB	(652)
	BIDS	
(54,824)	Other Entities and Individuals	(54,337)
(85,017)		(81,043)
	Receipts in Advance	
(432)	Central Government Bodies	(250)
-	Other Local Authorities	(442)
(6,785)	NHS Bodies	(5,052)
-	Council Tax	-
-	NNDR LBB	-
(5,190)	Other Entities and Individuals	(4,300)
(12,406)		(10,044)
(97,424)		**(91,087)**

24 Other Long Term Liabilities

31st March 2023 £000		31st March 2024 £000
(1,995)	Liability relating to Defined Benefit Pension Scheme #	(2,540)
(29,604)	Liability relating to Finance Leases *	(28,763)
	Long term Provisions	(250)
(31,599)		**(31,553)**

Full details relating to the Defined Benefit Pension Scheme are included in Note 44
* Full details of the Authority's finance leases are included in Note 40

25 Provisions

	Outstanding Legal Cases (a)	Injury & Damage Compensation Claims (b)	Other Provisions (c)	Total
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2023	-	(2,997)	(12,055)	(15,052)
Additional Provisions made in year			(6,063)	(6,063)
Amounts used in year			919	919
Unused amounts reversed in year			580	580
Balance at 31st March 2024	**-**	**(2,997)**	**(16,620)**	**(19,617)**

(a) Outstanding Legal Cases: the Council has not made provision for any financial implications arising from any legal cases in 2023/24

(b) Injury and Damage Compensation Claims: this provision represents the estimated potential cost of insurance claims received but not settled by the Council as at 31st March 2024 (A total estimate of £2,997k).

(c) Other Provisions include the following:

Provision for irrecoverable Council Tax and Non-Domestic Rates debts of £4,763k has been carried forward to 2024/25

Provision of £3,924k has been made to reflect potential losses in business rates income as a result of changes to the rating list arising from successful appeals.

All other provisions are individually insignificant.

26 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and in Note 9.

27 Unusable Reserves

1st April 2022 *Restated £000	31st March 2023 *Restated £000		31st March 2024 £000
(84,785)	(100,596)	Revaluation Reserve	(96,007)
(2,652)	11,495	Pooled Investment Funds Adjustment Account	12,409
(411,123)	(383,032)	Capital Adjustment Account	(357,173)
(10,665)	1,995	Pensions Reserve	2,540
(7,242)	(37,242)	Deferred Capital Receipts Reserve	(35,319)
1,206	(1,851)	Collection Fund Adjustment Account	(2,486)
2,070	1,784	Accumulated Absences Account	3,014
7,143	12,706	Dedicated Schools Grant adjustment account	16,222
6,867	13,378	Financial Instruments Adjustment Account	12,785
(499,181)	**(481,363)**	**Total Unusable Reserves**	**(444,015)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or;
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £000			2023/24 £000
(84,786)	**Balance as at 1st April**		(100,596)
	Upward revaluation of assets		
	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	4,415	
(15,810)	Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services		4,415
	Accumulated losses on assets sold or scrapped	174	
-	Amount written off to Capital Adjustment Account		174
(100,596)	**Balance as at 31st March**		**(96,007)**

Available for Sale Financial Instruments Reserve (AFS Reserve)

The Available for Sale Financial Instruments Reserve contains the gains and losses made by the Authority arising from movements in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance of (£397k) as at 31st March 2018 was transferred to the Pooled Investment Funds Adjustment Account on 1st April 2018 following the adoption of IFRS 9 Financial Instruments.

Pooled Investment Funds Adjustment Account (PIFAA)

The Pooled Investment Funds Adjustment Account contains the gains and losses made by the Authority arising from increases and decreases in the value of its investments that are measured at fair value through profit or loss. The balance is written out to the Comprehensive Income and Expenditure Statement when investments are disposed of and the gain or loss is realised.

* See Note 6B

27 Unusable Reserves continued

PIFAA 2022/23 £000			PIFAA 2023/24 £000
(2,652)	**Balance as at 1st April**		11,495
	Upward revaluation of investments		
14,147	Downward revaluation of investments and impairment losses	914	
14,147			914
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement		
11,495	**Balance as at 31st March**		**12,409**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date on which the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 *Restated £000			2023/24 £000
(411,125)	**Balance as at 1st April**		**(383,032)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income &Expenditure Statement:		
6,919	Charges for depreciation and impairment of non-current assets	25,887	
3,548	Revenue expenditure funded from capital under statute	9,551	
355	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to CI&E Statement		
10,822	Net written out amount of the cost of non-current assets consumed in the year		35,438
	Capital financing applied in the year:		
(1,048)	Use of Capital Receipts Reserve to finance new capital expenditure	(28,271)	
(12,083)	Capital grants and contributions credited to CI&E Statement that have been applied to capital financing		
	Application of grants to capital financing from the Capital Grants Unapplied Account	(14,557)	
	Other Movements		
30,000	Sale proceeds credited as part of the gain and loss on disposal to	31,137	
(1,018)	Statutory provision for capital financing charged against the General Fund	(1,165)	
(5,173)	Capital expenditure charged against the General Fund balance	(5,733)	
10,678			(18,589)
6,593	Movements in market value of Investment Properties debited or credited to CI&E Statement		9,010
(383,032)	**Balance as at 31st March**		**(357,173)**

* See Note 6B

27 *Unusable Reserves continued*

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different accounting arrangements for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible. A debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and present employees and the resources the Authority has set aside to meet them. The Reserve balance moved to surplus during 2022/23, mainly due to remeasurement of assets and liabilities. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		**2023/24 £000**
(10,665)	**Balance as at 1st April**	1,995
(402)	Actuarial gains or (losses) on pensions assets and liabilities	11,953
22,922	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	(10,875)
(9,860)	Employer's pension contributions and direct payments to pensioners payable in the year	(533)
1,995	**Balance as at 31st March**	**2,540**

Deferred Capital Receipts Reserve

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

2022/23 £000		**2023/24 £000**
(7,242)	**Balance as at 1st April**	(37,242)
(30,000)	New advances	
	Transfer to the Capital Receipts Reserve upon receipt of cash	1,923
(37,242)	**Balance as at 31st March**	**(35,319)**

27 *Unusable Reserves continued*

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £000		2023/24 £000
1,206	**Balance as at 1st April**	(1,852)
(3,058)	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(634)
(1,852)	**Balance as at 31st March**	**(2,486)**

Accumulated Absences Account

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

2022/23 £000		2023/24 £000
2,070	**Balance as at 1st April**	1,784
(2,070)	Settlement or cancellation of accrual made at the end of the preceding year	1,230
1,784	Amounts accrued at the end of the current year	
(286)	Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	1,230
1,784	**Balance as at 31st March**	**3,014**

Dedicated Schools Grant adjustment account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

2022/23 £000		2023/24 £000
7,143	**Balance as at 1st April**	12,706
5,563	School budget deficit transferred from General Fund in accordance with statutory requirements	3,516
12,706	**Balance as at 31st March**	**16,222**

27 Unusable Reserves continued

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.
The Council uses the account to manage premiums paid on the early redemption of loans.
Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the account in the Movement in Reserves Statement.
Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2022/23 £000		2023/24 £000
13,378	**Balance as at 1st April**	13,378
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(593)
	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	
	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	
13,378	**Balance as at 31st March**	**12,785**

28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
(10,736)	Interest Received	(15,298)
(10,736)	Net Interest Received	(15,298)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2022/23 £000		2023/24 £000
(12,373)	Depreciation	(14,134)
(6,593)	Impairment/Reversals and Downward Valuations	(20,763)
(25,396)	Increase/Decrease in Creditors & Provisions	507
2,708	Increase/Decrease in Debtors (net of bad debts)	(8,332)
61	Increase/Decrease in Inventories	41
(13,123)	Movement in Pension Liability & Finance Leases	10,989
(7,634)	Movement in Fair Value of Financial Instruments	(321)
4,948	Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	(34,991)
3,589	Other Non-Cash Items Charged to the Net Surplus or Deficit on the Pro	4,286
(53,814)		(62,718)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23 £000		2023/24 £000
88	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	8,600
18,519	Other Items for which the Cash Effects are Investing or Financing Cash Flows	7,537
18,607		16,138

29 Cash Flow Statement - Investing Activities

2022/23 £000		2023/24 £000
17,697	Purchase of Property, Plant and Equipment and Investment Property	44,507
411,981	Purchase of Short-term and Long-term Investments	529,000
(88)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(8,600)
(443,092)	Proceeds from Short-term and Long-term Investments	(546,308)
(15,591)	Other Receipts from Investing Activities	(7,917)
(29,093)	**Net Cash Flows from Investing Activities**	10,681

30 Cash Flow Statement - Financing Activities

2022/23 £000		2023/24 £000
1,063	Cash Receipts from Short-term Borrowing	27,586
	Other Receipts from Financing Activities	
	Cash Payments for the Reduction of Outstanding Liabilities	
1,005	Relating to Short-term Borrowing	
	Relating to Finance Leases	1,010
2,068	**Net Cash Flows from Financing Activities**	28,596

31 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Bromley CCG which operates under Section 75 of the NHS Act 2006 for the provision of integrated community equipment services. The transactions of the pooled budget are summarised below.

2022/23 Integrated Community Equipment Services £000		**2023/24 Integrated Community Equipment Services £000**
	Income	
(904)	South East London ICB contribution	(875)
(1,952)	London Borough of Bromley contribution	(2,926)
(2,856)	**Gross Income**	**(3,801)**
	Expenditure	
2,856	Integrated Community Equipment Service	4,190
2,856	**Gross Expenditure**	**4,190**
-	**Deficit / (Surplus) for the Year**	**389**

2022/23 Mental Health Services £000		**2023/24 Mental Health Services £000**
	Income	
(16,829)	Oxleas NHS Foundation Trust contribution	(16,855)
(1,666)	London Borough of Bromley contribution	(1,780)
(18,495)	**Gross Income**	**(18,636)**
	Expenditure	
18,999	Mental Health Functions	19,573
18,999	**Gross Expenditure**	**19,573**
504	**Deficit / (Surplus) for the Year**	**937**

The parties agreed that half the surplus on LBB funded expenditure £62k would be retained within pooled funds for future years. The deficit on Oxleas expenditure £937k remains within their accounts.

31 *Pooled Budgets continued*

The Better Care Fund has been set up to enable local authorities and local health services to develop and implement new approaches to service delivery based on a more integrated approach. The Authority has entered in to a pooled budget arrangement with South East London CCG (and formerly Bromley CCG) under Section 75 of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) to work in partnership to deliver better integrated health and social care services in Bromley. The transactions of the pooled budget are summarised below:

2022/23 Better Care Fund £000		**2023/24 Better Care Fund £000**
	Income	
(25,539)	Bromley CCG revenue funding	(26,984)
(992)	Discharge Grant Funding	(1,084)
(2,443)	Disabled Facilities capital grant	(2,656)
(3,795)	Carry Forward from 2022/23 - Capital	(4,462)
(83)	Carry Forward from 2022/23 - Revenue	144
(32,852)	**Gross Income**	**(35,042)**
	Expenditure	
26,614	Revenue expenditure	27,924
1,776	Capital expenditure	2,614
28,390	**Gross Expenditure**	**30,538**
	Deficit / (Surplus) for the Year	
	Revenue	-
(4,462)	Capital	(4,504)
(4,462)		**(4,504)**

The Improved Better Care Fund (IBCF) is a grant to local authorities for spending on adult social care, including services that reduce pressures on the NHS. Spending decisions rest with the Council, however a key requirement of the grant conditions is that this is done in conjunction with wider health and social care partners. The Council is required to pool the funding into the local Better Care Fund. In addition, since 2019/20 funding allocated to councils to spend on adult social care services to help councils alleviate winter pressures on the NHS has been pooled into the Better Care Fund via the Improved Better Care Fund.

2022/23 Improved Better Care Fund £000		**2023/24 Improved Better Care Fund £000**
	Income	
(7,731)	Revenue grant funding	(7,731)
(2,597)	Carry Forward from 2022/23	(1,911)
(10,328)	**Gross Income**	**(9,642)**
	Expenditure	
8,417	Revenue expenditure	8,014
8,417	**Gross Expenditure**	**8,014**
(1,911)	**Deficit / (Surplus) for the Year**	**(1,628)**

The surplus on both BCF and IBCF has been carried forward to meet agreed priorities in 2023/24.

32 *Members Allowances*

The authority paid the following amounts to Members of the Council during the year:

2022/23 £000		2023/24 £000
1,024	Allowances	1,150
8	Expenses	8
1,032	Total	1,158

33 *Non Distributed Costs*

As required by the Service Reporting Code of Practice, these costs comprise pension costs, as defined by IAS 19, as follows:

- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. In the IAS 19 valuation as at 31st March 2024, the actuary estimated the past service cost in 2023/24 to be £0, (£0 in 2022/23).

- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of employee benefits. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. Losses on curtailments (£nil in both 2022/23 and 2023/24) arise when the Authority allows employees to retire on unreduced benefits before they would normally have been able to do so. There was no gain or loss on settlements in 2023/24 (also £nil in 2022/23).

The following charges have been posted to Non Distributed Costs:

2022/23 £000		2023/24 £000
	Past Service Costs	
285	Other Pension Costs	344
285		344

34 *Officers Remuneration*

The remuneration paid to the Council's senior employees is as follows:

Disclosure of remuneration for senior employees 2023/24 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Compensation for Loss of Office £	Total Remuneration including Pension Contributions £
Chief Executive - A Adetosoye	256,995		256,995	21,372		278,367
Director of Corporate Services- T Shawkat	181,000		181,000	29,367		210,367
Director of Finance - P Turner	201,903	3,393	205,296	32,165		237,461
Director of Human Resources and Customer Services - C Obazuaye	208,147		208,147	15,783		223,930
#Director of Public Health - N. Lemic-Stojcevic	197,978		197,978	-		197,978
Director of Environment & Public Protection- C Brand	179,049	9,319	188,368	14,525		202,894
Director of Housing, Planning & Regeneration- S Bowrey	183,819		183,819	29,367		213,186
Director of Education- J Nehra	130,510	-	130,510	21,175		151,685
Director of Children's Services- R Baldwin	181,000		181,000	29,367		210,367
	1,720,401	12,712	1,733,113	193,123	-	1,926,236

Section 57 of Schedule 5 to the Health and Social Care Act 2012 defines the Director of Public Health as a statutory chief officer.

34 *Officers Remuneration*

The remuneration paid to the Council's senior employees is as follows:

Disclosure of remuneration for senior employees 2022/23 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Compensation for Loss of Office £	Total Remuneration including Pension Contributions £
Chief Executive - A Adetosoye	224,036		224,036	38,744		262,779
Director of Corporate Services- T Shawkat	166,676		166,676	29,205		195,881
Director of Finance - P Turner	178,697	734	179,431	32,263		211,693
Director of Human Resources and Customer Services - C Obazuaye	176,019		176,019	31,155		207,174
#Director of Public Health - N. Lemic-Stojcevic	188,993		188,993	-		188,993
Director of Environment & Public Protection- C Brand	165,994	9,183	175,177	29,381		204,558
Director of Housing, Planning & Regeneration- S Bowrey	170,000		170,000	29,591		199,591
Director of Education- J Nehra	121,441	2,387	123,828	21,416		145,244
	1,391,856	12,304	1,404,160	211,755	-	1,615,915

Section 57 of Schedule 5 to the Health and Social Care Act 2012 defines the Director of Public Health as a statutory chief officer.

34 *Officers Remuneration continued*

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

2022/23				2023/24		
Non-School Employees	**School Employees**	**Total Employees**	**Annual Remuneration**	**Non-School Employees**	**School Employees**	**Total Employees**
84	8	92	£50,000-£54,999	104	12	116
37	6	43	£55,000-£59,999	60	9	69
40	5	45	£60,000-£64,999	41	2	43
19		19	£65,000-£69,999	37	5	42
14	2	16	£70,000-£74,999	19	1	20
10	2	12	£75,000-£79,999	7	1	8
10		10	£80,000-£84,999	12	1	13
3	3	6	£85,000-£89,999	3	1	4
7		7	£90,000-£94,999	9	2	11
13		13	£95,000-£99,999	3		3
3		3	£100,000-£104,999	9		9
1		1	£105,000-£109,999	7		7
3		3	£110,000-£114,999			-
		-	£115,000-£119,999	1		1
1		1	£120,000-£124,999	1		1
		-	£125,000-£129,999	1		1
	1	1	£130,000-£134,999		1	1
		-	£135,000-£139,999			-
		-	£140,000-£144,999			-
		-	£145,000-£149,999			-
		-	£150,000-£154,999			-
		-	£155,000-£159,999			-
		-	£160,000-£164,999			-
1		1	£165,000-£169,999			-
1		1	£170,000-£174,999			-
3		3	£175,000-£179,999	3		3
		-	£180,000-£184,999	1		1
1		1	£185,000-£189,999			-
		-	£190,000-£194,999			-
		-	£195,000-£199,999	2		2
		-	£200,000-£204,999			-
		-	£205,000-£209,999	1		1
		-	£210,000-£214,999			-
		-	£215,000-£219,999			-
1		1	£220,000-£224,999			-
			£225,000-£254,999			-
			£255,000-£259,999	1		1

In order to comply with amendments to the Accounts and Audit Regulations 2015, remuneration bandings are required to be disclosed in brackets of £5,000.

The amended Regulations also require the Council to disclose individual remuneration details for senior employees. In addition, these are also included in the table above.

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year and who is the authority's Chief Executive (or equivalent), their direct reports (other than administration staff), statutory chief officers and potentially any employee that the authority considers having responsibilities and powers to direct or control the major activities of the Council.

34 Officers Remuneration continued

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2022/23	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23 £000s**	**2023/24 £000s**
£0 - £20,000								
£20,001 - £40,000	2		5	4	7	4	44	32
£40,001 - £60,000			5	6	5	6	53	74
£60,001 - £80,000				3		3		60
£80,001 - £100,000				2		2		67
£100,001 - £150,000								
£150,001 - £200,000			1		1			
£250,001 - £300,000								
Total	**2**	**-**	**11**	**15**	**13**	**15**	**97**	**233**

In 2023/24 the total cost of £233k (£97k in 2022/23) in the table above consists of exit packages agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

35 *External Audit Costs*

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2022/23 £000		2023/24 £000
	Fees payable to Ernst & Young LLP with regard to:	
92	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	334
16	- Pension Fund audit fee	
26	Fees payable to KPMG LLP for the certification of grant claims returns for the year	30
7	Fees payable to Grant Thornton for Teachers Pension Review	
	Fees payable to Ernst & Young LLP with regards to fee variation on 2018/19 audit of accounts.	
141		**364**

36 *Dedicated Schools Grant*

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

		Central Expenditure £000	Individual Schools Budget £000	Total £000
a	Final DSG for 2023/24 before academy and high needs recoupment			356,891
b	Academy and high needs figure recouped for 2023/24			(257,152)
c	Total DSG after academy and high needs recoupment for 2023/24			99,739
d	Plus: Brought forward from 2022/23			
e	Less: Carry-forward to 2024/25 agreed in advance			-
f	Agreed initial budgeted distribution in 2023/24	55,549	44,190	99,739
g	In-year adjustments		600	600
h	**Final budget distribution for 2023/24**	**55,549**	**44,791**	**100,339**
i	Less: Actual central expenditure	58,414		58,414
j	Less: Actual ISB deployed to schools		45,442	45,442
k	Plus: Local authority contribution for 2023/24			-
l	In-year carry-forward to 2024/25	**(2,865)**	**(651)**	**(3,516)**
m	Plus: Carry-forward to 2024/25 agreed in advance			-
n	Carry-forward to 2024/25			-
o	DSG unusable reserve at the end of 2022/23			**(12,706)**
p	Addition to DSG unusable reserve at the end of 2023/24			**(3,516)**
q	Total of DSG unusable reserve at the end of 2023/24			**(16,222)**
r	Net DSG position at the end of 2023/24			**(16,222)**

(a) Final DSG figure before any amount has been recouped from the authority as published

(b) Figure recouped from the authority in 2023/24 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.

(c) Total DSG figure after academy and high needs recoupment for 2023/24, as published March 2024.

(d) Figure brought forward from 2022/23. There can only be an entry here if this is a or zero; a deficit must have been placed in the DSG unusable reserve created by MHCLG’s amending regulations

(e) Any amount which the authority decided after consultation with the schools forum to carry forward to 2024/25 rather than distribute in 2023/24 – this may be the difference between estimated and final DSG for 2023/24, or a figure brought forward from

(f) Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum. Note that the ISB column should include only money distributed to schools (including high needs place funding) and to other early years providers; centrally held schools block items such as the growth fund belong in the central expenditure column.

36 Dedicated Schools Grant continued

(g) Changes to the initial distribution, for example adjustments for exclusions, NNDR payments or the final early years block adjustment for 2022/23 made during 2023/24 on the basis of January 2023 numbers or top-up funding.

(h) Budgeted distribution of DSG as at the end of the financial year.

(i) Actual amount of central expenditure items in 2023/24 – amounts not actually spent, eg money that is moved into earmarked reserves, should be included in items L20 or L21 as carried forward.

(j) Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares). Note that budget shares include early years funding, sixth form funding and high needs place funding; they do not include high needs top-up funding, which is treated as central expenditure.

(k) Any contribution from the local authority in 2023/24 that will have the effect of substituting for DSG in funding the schools budget. Do not include any change in balances held by schools as they are not to be recorded in this note.

(l) In-year position at end of 2023/24, ie:
• For central expenditure, difference between final budgeted distribution of DSG (item H12) and actual expenditure (item I15), plus any local authority contribution (item K17).
• For ISB, difference between final budgeted distribution (item H13) and amount

(m) Plus/minus any carry-forward to 2024/25 already agreed (Item E5)

(n) Total is carry-forward on central expenditure (item L20) plus carry-forward on ISB L21) plus/minus any carry-forward to 2022/23 already agreed (item E5)

(o) DSG unusable reserve at end of 2022/23 (if any) – any amount placed in the unusable reserve at the end of 2020/21 and/or 2021/22 and/or 2022/23 in accordance with the MHCLG amending regulations.

(p) Any addition to DSG unusable reserve in 2023/24 as a result of an in-year deficit in 2023/24; figure 24 is to be entered here rather than at N when it is a deficit.

(q) Total of DSG unusable reserve at end of 2023/24; this is the total of O25 and P26.

(r) Net DSG position at the end of 2023/24; this is a memorandum item designed to show the overall position on DSG. It is calculated by taking the figure (if any) at N24 and deducting the figure (if any) at Q27, and will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately.

37 *Grant Income*

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23 and 2023/24.

Credited to Taxation and Non Specific Grant Income	**2022/23 £000**	**2023/24 £000**
Revenue Grants:		
Business Rates Related Grant Income	7,877	23,591
General COVID-19 Grant		
Revenue Support Grant	425	425
New Homes Bonus	253	9
Local Support Services Grant	2,975	1,957
	11,530	25,982
Total Government Grants	**11,530**	**25,982**
Other Capital Grants and Contributions:	**8,844**	**7,537**
Total Credited to Taxation and Non Specific Grant Income	**20,374**	**33,519**

Credited to Services

Revenue Grants:	**2022/23 £000**	**2023/24 £000**
Dedicated Schools Grant	91,146	100,284
Housing Benefit & Council Tax	78,208	76,555
Section 31 Grants	7,877	23,591
Public Health	15,611	16,120
Other Miscellaneous Grants under £1m	7,429	9,346
Social Care Support Grant	-	9,004
Adult Social Care Support	4,649	6,369
Homelessness Prevention Grant	4,305	4,865
Improved Better Care Fund Additional	4,863	4,636
Market Sustainability & Fair Cost of Care Fund	804	4,490
Homes for Ukraine	7,928	3,828
Household Support Fund	3,077	3,736
- Special School 6th Form	2,693	2,928
Local Support Services Grant	2,975	1,957
Improved Better Care Fund	1,677	1,904
Early Years Supplementary Grant	-	1,670
Unaccompanied Asylum Seekers	1,376	1,575
Pupil Premium	1,505	1,387
Winter Pressures	1,190	1,190
Discharge Funding	992	1,084
Supporting Families (Formerly Troubled Families)	955	473
Energy Bills Support Scheme Alternative Funding	822	122
Children and Social Work Act 2017	4,704	-
COVID-19 Other Miscellaneous Grants	556	-
	245,342	277,114

37 Grant Income continued

Credited to Services continued	2022/23 £000	2023/24 £000
Capital Grants:		
Basic Need	6,652	6,166
Disabled Facilities Grant	2,442	2,656
Maintenance in Schools	441	388
Childcare Expansion		565
Devolved Formula Capital		55
Other Capital Grants		
	9,535	9,830
Total Government Grants	**254,877**	**286,944**
Other Grants and Contributions:		
Other Grants and Contributions	8,086	9,228
Section 106 Developers Contributions	898	86
Total Contributions	**8,984**	**9,314**
Total Credited to Services	**263,861**	**296,258**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require monies or property to be returned to the giver. The balances at the year end are as follows:

Current Liabilities

Revenue Grants Creditors and Receipts in Advance	2022/23 £000	2023/24 £000
Homes for Ukraine	5,415	3583
Energy Bills Support	772	0
COVID-19	660	0
ASC - Accelerated Reform Grant Funding	-	547
Housing Benefits	348	111
Education	160	30
UKSPF Revenue Funding		250
Other Miscellaneous Grants	949	109
Total Government Grants	**8,304**	**4,630**
Other Grants and Contributions Receipts in Advance		
Section 106 Developers Contributions - Revenue	0	2,487
Section 106 Developers Contributions - Capital	5,028	5,407
Total Contributions	**5,028**	**7,894**
Total Receipts in Advance	**13,332**	**12,524**

38 Related Party Transactions

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

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received and outstanding from UK government departments as at 31st March 2024 are shown in the grant income Note 37.

Members

Members of the Council have direct control over the Council’s financial and operating policies. The total of Members’ allowances paid in 2023/24 is shown in Note 32. During 2023/24, there are no declarable related party transactions:-

Officers

i) During 2023/24 £9.8m was paid to Liberata in payment for services in relation to the Council's exchequer services contract. Liberata employs a family member of the Director of Finance, in a role that is not specifically related to the Bromley contract.

Other Public Bodies

The Authority has 2 pooled budget arrangements with Bromley Clinical Commissioning Group for the provision of Integrated Stores and the Better Care Fund. There is a further pooled budget arrangement with Oxleas NHS Foundation Trust for the provision of mental health functions. Transactions relating to these arrangements are detailed in Note 31.

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was positive and as a result, interest of £258k was paid to the Fund (£111k was paid in 2022/23). In 2023/24, £921k was charged to the Fund for expenses incurred in administering the Fund (£876k in 2022/23).

Entities Controlled or Significantly Influenced by the Authority

The Council has entered into a joint venture (JV) agreement with Mears Group PLC for the acquisition of properties to meet demand for temporary accommodation. The JV, More Homes Bromley LLP, will raise its own funds to purchase the properties and the Council will have nomination rights and will also underwrite voids.

The Council has also entered into joint venture agreements with Pinnacle Housing Group for the acquisition of homes, and to provide affordable housing for residents. creating . Both JVs, Meadowship Homes LLP and Meadowship Homes 2 LLP, mainly raised their own funds to purchase the properties and but funding also includes loans from the Council. More details can be found in Note 17e, Financial Instruments.

39 *Capital Expenditure and Capital Financing*

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/23 *Restated £000	2023/24 £000
Opening Capital Financing Requirement	56,673	73,302
Capital investment		
Property, Plant and Equipment	17,698	44,507
Long term debtors	15,000	-
Revenue Expenditure Funded from Capital under Statute	3,548	5,872
	36,246	50,378
Sources of finance		
Capital receipts	1,048	28,271
Government grants and other contributions	12,083	14,557
Sums set aside from revenue:		
Direct revenue contributions	5,173	5,734
Minimum Revenue Provision	17	215
Finance Leases Repaid/Terminated	1,296	1,156
	19,617	49,933
Movement in Capital Financing Requirement	16,629	446
Closing Capital Financing Requirement	73,302	73,748
Explanation of movements in year		
Increase/(Reduction) in underlying need for borrowing (unsupported by government financial assistance)	16,420	271
Assets acquired under finance leases	209	175
Increase/(decrease) in Capital Financing Requirement	**16,629**	**446**

* See Note 6B

40 Leases

Finance Leases - Authority as Lessee

The Authority has entered into a number of contractual arrangements that include embedded leases that have been classified as finance leases. There are two signifcant categories.
The first is in respect of the refuse collection vehicles and plant included in the Refuse Collection contract. The useful life of these vehicles has typically been assumed to be 7 years.
The arrangements for other vehicles, primarily in the gulley and street cleansing contracts, have also been classified as finance leases and 7 years has also typically been assumed as the useful life for these items. In addition a finance lease has been recognised in relation to a number of residential properties leased from Beehive. These are assumed to have a useful life of 50 years.

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

	31st March 2023 £000	31st March 2024 £000
Land and Buildings	24,152	23,696
Vehicles, Plant and Equipment	9,026	7,869
	33,178	**31,565**

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

	31st March 2023 £000	31st March 2024 £000
Finance lease liabilities (net present value of minimum lease payments)		
- current (within 1 year)	1,005	1,010
- non current (later than 1 year)	29,456	28,610
Finance costs payable in future years	10,331	9,828
Minimum lease payments	**40,792**	**39,448**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2023 £000	31st March 2024 £000	31st March 2023 £000	31st March 2024 £000
Not later than one year	1,509	1,496	1,005	1,010
Later than one and less than five years	5,904	5,851	4,071	4,092
Later than five years	33,380	32,102	25,385	24,518
	40,793	**39,449**	**30,461**	**29,620**

None of the assets held under these finance leases have been sub-let.

40 Leases continued

Operating Leases - Authority as Lessee

The Authority leases various premises, which are accounted for as operating leases.
The future minimum lease payments due under non-cancellable leases in future years are:

	31st March 2023 £000	31st March 2024 £000
Not later than one year	95	131
Later than one and less than five years	201	179
Later than five years	512	620
	808	**930**

The expenditure charged to service areas in the Comprehensive Income & Expenditure Statement during the year in relation to these leases was:

	31st March 2023 £000	31st March 2024 £000
Minimum lease payments		
Resources, Commissioning & Contracts Management Portfolio	1	1
Environment & Community Portfolio	85	79
Renewal, Recreation and Housing	39	40
Education, Children & Families	45	-
Adult Care and Health Services	25	15
	195	**135**

Operating Leases - Schools as Lessee

Schools have entered into operating leases in the main, to acquire photocopiers and telephone systems.
Typically operating leases are in place for 3 to 5 years, depending on the asset.
The minimum lease payments will be payable over the following periods.

	31st March 2023 £000	31st March 2024 £000
Not later than one year	102	100
Later than one and less than five years	203	110
	305	**210**

The expenditure charged to service areas in the Comprehensive Income & Expenditure Statement during the year in relation to these leases was:

	31st March 2023 £000	31st March 2024 £000
Minimum lease payments		
Education	85	100
	85	**100**

40 *Leases continued*

Finance Leases - Authority as Lessor

As at 31st March 2024, the Authority holds no finance leases.

Operating Leases - Authority as Lessor

The Authority has granted a number of lease agreements with regard to its portfolio of investment and other Council properties which are accounted for as operating leases.
The future minimum lease payments receivable under non-cancellable leases in future years are:

	31st March 2023 £000	31st March 2024* £000
Not later than one year	7,455	7,006
Later than one and less than five years	22,846	18,130
Later than five years	204,808	27,465
	235,109	**52,601**

*The large decrease in the Council's Operating Leases from 2023 to 2024 is largely due to the Council selling the Glades Shopping Centre, located in Bromley High Street, as well as other property sales.

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

The rental income received in the Comprehensive Income & Expenditure Statement during the year in relation to these leases was:

	31st March 2023 £000	31st March 2024 £000
Minimum lease payments		
Resources, Commissioning & Contracts Management Portfolio	320	868
Environment & Community Portfolio	433	345
Renewal, Recreation and Housing	917	976
Education, Children & Families	99	92
Adult Care and Health Services	79	156
Financing & Investing Income & Expenditure	8,017	5,346
Contingent rents		
Financing & Investing Income & Expenditure	372	735
	10,237	**8,518**

41 *Service Concessions*

A service concession arrangement generally involves a local authority conveying to an operator for a defined period the right to provide services that give the public access to major economic and social facilities. The Authority controls the price charged for the service. It also controls, either by ownership or otherwise, any significant residual interest in the property at the end of the term of the arrangement. Three such arrangements have been identified within Bromley.

The Waste Management contract with Veolia ES (UK) Limited

The Authority transferred the contract for Waste Collection to Onyx U.K. Limited, now known as Veolia, from 4th November 2001 and the Waste Management contract from 24th February 2002, for 17 yearsand the contract become an integrated Waste Collection and Management contract for both collection and disposal of household waste, with an end date of 31st of March 2019. Onyx (UK) became Veolia Environmental Services in 2005.

From the 1st of April 2019, the household waste collections and disposal of household waste was split into two new contracts both awarded to Veolia Environmental Services, LOT 1 – Waste Disposal and LOT 2 – Waste Collection. Both contracts were awarded for 8 years, 2019 to 2027, with the option to extend a further 8 years from 2027 to 2035.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. The total cost of the Waste Disposal contract to 31st March 2024 was £102 m and the total cost of the Waste Collection contract to 31st March 2024 was £75 m.

Bromley Mytime

The Authority transferred the responsibility for delivering its community leisure activity and services to Bromley Mytime effective from 1st February 2004 continuing 31st March 2019. The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in Note 14. From 1st April 2019, the contract has ended and a new leasing arrangement has been entered which is no longer considered to be a Service Concession. In return for service delivery, maintenance and enhancement of the Leisure Centres which remain in the authority's ownership, the Authority has paid a total of £18.3m to 31st March 2019. No further payments have been made since that date. There are two Council appointed representatives on the Board of Trustees.

Greenwich Leisure Ltd

The Authority transferred the responsibility for delivering its Library services to Greenwich Leisure Ltd effective from 1st November 2017 continuing until 31st October 2027.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in Note 14.

In return for service delivery, maintenance and enhancement of the Libraries which remain in the Authority's ownership, the Authority has paid a total of £28.8m to 31st March 2024, (£24.1m to 31 March 2023).

42 Impairment Losses/(Reversals)

During 2023/24 the Authority has charged/reversed the following impairments in respect of its non-current assets to the surplus or deficit on the Provision of Services.

2022/23 £000		2023/24 £000
(5,454)	Property, Plant and Equipment	11,753
(5,454)		**11,753**

These losses/(reversals) have been charged in the Comprehensive Income & Expenditure Statement as follows:

2022/23 £000		2023/24 £000
(1,119)	Adult Care and Health Services	(192)
68	Children, Education and Families	325
(3,187)	Environment & Community Services	10,351
(1,731)	Renewal, Recreation and Housing	(353)
515	Resources, Commissioning and Contracts Management	1,622
(5,454)		**11,753**

43 Termination Benefits

The Authority terminated the contracts of a number of employees in 2023/24 incurring liabilities of £22k (£137k in 2022/23) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2023/24 related to 14 employees across all departments of the Authority (14 employees in 2022/23).

44 *Disclosure of Information about Retirement Benefits*

(a) Participation in Pension Schemes

As part of the terms and conditions of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority 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's Pension Fund is a funded defined benefit final salary statutory scheme operated (until 31st March 2014) under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007/08 (as amended). With effect from 1st April 2014, these regulations were revoked and replaced by the LGPS Regulations 2013. The Authority and employees pay contributions into the Fund, calculated at a level intended to ensure that pensions liabilities balance with investment assets over a period of time. The Fund provides benefits for members, including retirement pensions, lump sum retirement grants and widow's pensions.

Governance of the scheme is the responsibility of the London Borough of Bromley Pensions Investment Sub-Committee and policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Sub-Committee and, as at 31st March 2024, include Baillie Gifford, Fidelity, Schroders and MFS International, Morgan Stanley

The principal risks to the Authority of the scheme are the longevity assumptions, statutory, structural and inflation changes, bond yields and the performance of 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.

The Authority also makes arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments when they eventually fall due.

(b) Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income & Expenditure Statement when benefits are earned by employees, rather than when they are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, 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 & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year, based on figures provided in the IAS 19 reports as at 31st March 2023 and 2024, prepared by the Council's actuary, Mercer.

These figures include the estimated impact of the McCloud and Goodwin judgements.

	2022/23	**2023/24**
Comprehensive Income & Expenditure Statement	**£000**	**£000**
Current service cost	22,978	10,571
Past Service Costs		
Settlements		
Administration Costs	380	612
Total included in Cost of Services	23,358	11,183
Financing & Investment Income & Expenditure		
Net Pensions interest cost	(436)	(11,716)
Interest on asset ceiling		11,551
Total included in Surplus or Deficit on the Provision of Services	22,922	11,018
Other Benefits Charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of Net Defined Benefit Obligation	(241,055)	402
Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(218,133)	11,420
Movement in Reserves Statement		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	(22,922)	(11,018)
Employers' contributions and benefits payable direct to pensioners	9,860	10,875
	(13,062)	(143)
Actual return on scheme assets	(36,777)	95,501

44 Disclosure of Information about Retirement Benefits continued

(c) Assets and Liabilities in relation to Post-employment Benefits

Pensions Assets and Liabilities recognised in the Balance Sheet

	LGPS		Unfunded Benefits	
	2022/23	**2023/24**	**2022/23**	**2023/24**
	£000	**£000**	**£000**	**£000**
Present value of defined benefit obligation	(712,190)	(712,352)	(1,995)	(2,540)
Fair value of plan assets	952,843	1,027,094		
Net liability from defined benefit obligation	240,653	314,742	(1,995)	(2,540)

Reconciliation of Present Value of Scheme liabilities (Defined Benefit Obligation):

	LGPS		Unfunded Benefits	
	2022/23	**2023/24**	**2022/23**	**2023/24**
	£000	**£000**	**£000**	**£000**
Opening Liability	982,423	712,190	3,238	1,995
Current service cost	22,978	10,571		
Interest on pension liabiilties	27,160	33,440	86	85
Member Contributions	3,887	4,256		
Remeasurement (gains)/losses:				
Experience	89,576	5,878	210	963
Financial assumptions	(359,177)	(9,590)	(789)	(14)
Demographic assumptions	(26,210)	(9,074)	(70)	(38)
Past service costs				
Curtailments				
Settlements				
Benefits paid	(28,867)	(35,319)	(260)	(451)
Closing Liability (Defined Benefit)	**711,770**	**712,352**	**2,415**	**2,540**

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

	LGPS		Unfunded Benefits	
	2022/23	**2023/24**	**2022/23**	**2023/24**
	£000	**£000**	**£000**	**£000**
Opening fair value of scheme assets	996,326	952,843		
Interest on plan assets	27,682	45,241		
Remeasurements (assets)	(55,405)	50,261		
Administration Expenses	(380)	(612)		
Contributions by employer	9,600	10,424	260	451
Contributions by scheme members	3,887	4,256		
Settlements				
Benefits paid	(28,867)	(35,319)	(260)	(451)
Closing fair value of scheme assets	**952,843**	**1,027,094**	**-**	**-**

In 2023/24, the net liability changed from a surplus of £238.7m to a deficit of £2.54m.
This was mainly due to the fair value of plan assets increasing less than the defined benefit obligation.
The actual return on plan assets in the year was a loss of £95.5m (gain of £36.8m in 2022/23).
The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £714.2m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance (deficit) of £2.54m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. Employer contribution rates are set by the actuary with reference to the triennial valuations of the fund, last carried out at 31st March 2022.

44 Disclosure of Information about Retirement Benefits continued

(d) Fair Value of LGPS assets

	Fair value of scheme assets As at 31st March 2023 £000	As at 31st March 2024 £000
Equities	582,659	582,655
Government bonds	23,599	25,827
Other bonds	82,544	123,089
Property Funds	59,294	61,170
Other	178,653	175,065
Cash / liquidity	26,094	59,288
	952,843	1,027,094

(e) 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. The scheme has been assessed by Mercer, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2019 and latest estimates for for the Fund as at 31st March 2024.

The main financial assumptions used by the actuary for the purposes of the IAS 19 calculations were:

	As at 31st March 2023	As at 31st March 2024
Longevity at 65 for pensioners retiring today (years):		
Men	22.2	21.8
Women	24.4	24.1
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	23.3	22.8
Women	26.1	25.8
Rate of inflation - CPI	2.7%	2.7%
Rate of increase in salaries	4.2%	4.2%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.8%	4.9%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes in assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be inter-related. 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.

McCloud Judgement

The Actuary has estimated there is no effect of the McCloud judgement in 2023/24. In 2019/20 the Governm Actuary's Department (GAD) estimated that the impact of the McCloud judgement for the LGPS as a whole could be to increase active member liabilities by around 3.2% and a potential increase in service cost of around 3% of pensionable pay based on a given set of actuarial assumptions. These additional costs are very sensitive to the assumptions made.

44 Disclosure of Information about Post-employment Benefits continued

(e) Basis for Estimating Assets and Liabilities continued

Sensitivity analysis of the impact of changes in assumptions on the Defined Benefit Obligation

	Change of +/- 1% £000
IAS 19 Liability figure	
+ 0.5% on rate for discounting scheme liabilities	669,935
+ 0.25% on inflation rate	738,489
+ 0.25% on pay growth	717,454
+1 year on life expectancy	732,070

(f) Impact on the Authority's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. In the triennial fund valuation as at 31st March 2022, the Authority agreed a strategy with the scheme's actuary to recover deficits among scheme employers over the next 12 years. Funding levels are monitored and the next triennial valuation is due to be completed as at 31st March 2025.
The actuary has estimated a total authority contribution of £14.68m in 2023/234
The weighted average duration of the defined benefit obligation for scheme members is 15 years as at 31st March 2024 (15 years as at 31st March 2023).

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.

(g) Bromley Employees

In 2023/24, Bromley paid into the Pension Fund a total contribution of £9.59m (17.7% of total pensionable pay), This included allowance for surplus offset contributions of 0.6% of pensionable pay, This compares to £9.97m (17.7%), which include additional contributions of 1% of pensionable pay towards the expected costs emerging from the McCloud Judgment. The overall contribution rate and the offset contributions are both determined by the Fund's Actuary based on triennial actuarial valuations and the Funding Strategy adopted by the Fund. The contributions in 2023/24 incorporated the results of the full valuation as at 31st March 2022, which set contribution rates from 2023/24 onwards
In line with the Funding Strategy adopted, some allowance for surplus offset contributions were incorporated into the contribution outcomes in order to maintain stability with the 2022/23 total rate payable.

(h) Teachers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Authority contributes towards the costs based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme, but it is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. In this Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme.

In 2022/23, Bromley paid £805k to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 23.7% of teachers' pensionable pay. The figures for 2022/23 were £787k and 23.7%. In addition, Bromley is responsible for all pension payments relating to added years it has awarded. There were no payments relating to added years in both 2022/23 and 2023/24.

(i) NHS Staff

Former NHS public health staff who transferred to Bromley in April 2013 are members of the NHS Pension Scheme, administered by the Department for Health. This scheme is a defined benefit scheme, but, under NHS accounting arrangements, is accounted for as a defined contribution scheme.
In 2023/24, the Authority made £57k in payments to the NHS scheme (13.1% of payroll) in respect of these staff.

45 *Contingent Liability - not provided for in the accounts*

Contingent liabilities are dependent upon the outcome of uncertain events and, consequently, cannot be quantified at the balance sheet date. For 2023/24 there are three contingent liabilities to disclose:

1) There have been a number of Council Tax banding appeals which, if successful, could result in refunds dating back to 1993. The claims are currently being considered by the District Valuer and could also have an impact on future Council Tax income levels. It is not possible to quantify the financial impact at this stage and the final outcome will depend on the number of appeals and the outcome of the findings from the District valuer.

2) The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

3) The Council has entered into a joint venture (JV) agreement, More Homes Bromley LLP. Under the terms of a deed of covenant and guarantee, the Council has agreed to underwrite any shortfall in rental income and interest. Whilst the guarantee does not limit these payments to specific circumstances, or circumstances expected to be wholly under the control of the Council, the provision may appear to be genuine. Due to the long term nature of the arrangement and the nature of the financial liability, there is no directly observable evidence of the fair value. It is not possible, at this stage, to calculate the likely exposure to the Council as it is dependent on a number of factors and a realistic estimate cannot be quantified. A detailed analysis of the risks borne by the Council has been undertaken and it has been determined that the likelihood of any material settlement of the obligation is unlikely. The arrangement will be reviewed annually.

46 *Contingent Asset - not provided for in the accounts*

1) Contingent assets are possible assets that will only be confirmed by the occurrence of uncertain future events not wholly within the Authority's control. For 2023/24 there are two contingent assets to be disclosed:

   The Council has been successful in recovering from HM Revenue and Customs separate historic VAT claims for different periods from April 1973 to December 1996. These claims related to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries/audio visual charges. There is a further claim being pursued for VAT recovery on postal services but it is not possible to accurately predict the financial outcome of the claim at the present time nor is it certain, at this stage, whether the claim will be successful.

2) The Council is party to a joint venture (JV) arrangement, More Homes Bromley LLP, in partnership with Mears Group PLC. The JV will raise its own funds to acquire homes to meet demand for temporary accommodation. The properties will be refurbished to Decent Homes standard and the stock managed through the Mears registered housing association arm for 40 years after which time the properties will revert to the Council after the repayment of outstanding debt. Due to the long term nature of this arrangement, it is not possible to accurately predict the financial position at its conclusion as the extent and nature of that stock will be determined by the JV in running its business and paying off its debts.

47 *Nature and Extent of Risk Arising from Financial Instruments*

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- Refinancing and Maturity risk - the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, including credit risk, liquidity risk and market risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are only made with financial institutions that meet identified minimum credit rating criteria.

The Strategy for 2023/24 was approved by Full Council in February 2023 and is available on the Council's website. It imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach using credit ratings from all three ratings agencies forming the core element. It supplements this with credit watches and credit outlooks from the agencies, Credit Default Swap spreads to give early warnings of likely changes in credit ratings and sovereign ratings to select counterparties from only the most creditworthy countries.

The Authority’s maximum exposure to credit risk in relation to its investments in other institutions and funds (£323.1m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority’s deposits, but there was no evidence at 31st March 2024 that this was likely to materialise.

No breaches of the Council's counterparty criteria occurred during 2023/24 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

47 *Nature and Extent of Risk Arising from Financial Instruments continued*

Credit Risk (cont)

Amounts Arising from Expected Credit Losses

The changes in the loss allowance for financial assets during the year are as follows:

Debtors held at Amortised Cost	Lifetime Expected Credit Loss - Simplified Approach	
	2022/23	**2023/24**
	£000	**£000**
Opening Balance as at 1st April	23,662	23,449
Amounts Written Off	537	1,226
Changes in Models / Risk Parameters	(750)	(1,608)
Balance as at 31st March	**23,449**	**23,067**

Credit Risk Exposure

A summary of the credit risk ratings (Fitch) of the Council's investments as at 31/03/24 are shown belc
At the time that the investments were agreed they were in line with the credit ratings in the Treasury Management Strategy

	Credit Risk Rating	**Gross Carrying Amount**
		£000
Investments Measured at Amortised Cost	AAA	18,904
	AA-	15,643
	A+	103,930
	A	15,414
	BBB+	41,516
	N/A	39,305
		234,712
Investments Measured at Fair Value through Profit or Loss	N/A	**88,516**
Total Investments		**323,228**

The credit quality of debtors is reflected in the level of expected credit loss allowance shown above. The Council does not generally allow credit for customers, requiring immediate payment of invoices raised. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council. Outstanding debt at year end is analysed by age below.

	As at 31st March 2022/23	**As at 31st March 2023/24**
	£000	**£000**
Less than three months	7,154	6,325
Three to six months	4,758	5,183
Six months to one year	826	2,346
More than one year	12,120	12,145
	24,858	**25,999**

47 *Nature and Extent of Risk Arising from Financial Instruments continued*

Liquidity Risk

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

Currently the Council does not borrow externally. 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.

The maturity analysis of financial assets (investments), excluding sums due from customers, is as follows:

Principal Sum Invested as at 31st March 2023 £000		Principal Sum Invested as at 31st March 2024 £000
240,000	Less than one year	213,800
3,703	Between one and two years	13,095
88,505	More than two years	87,591
332,208		**314,486**

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio, but has no long term borrowing. 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. This risk relates to the maturing of longer term financial assets.

The approved treasury indicator limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

47 Nature and Extent of Risk Arising from Financial Instruments continued

Market Risk

Interest rate risk

The Authority is exposed to risk in terms of interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates - the fair value of the assets will fall.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team monitors the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, subject to counterparties meeting the approved eligibility criteria.

All of the Council's term deposits placed during 2023/24 were fixed interest investments with banks, building societies, local authorities or housing associations. In addition to fixed interest deposits, the Council also has investments with a Property Fund (£40m) and a Multi-Asset Income Fund (£40m). These were placed after consultation with Link Asset Services and neither are subject to interest ratemovements.

Price Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Council is exposed to market risk from its investment activities, particularly through equity and property holdings within pooled fund investments. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. In general, excessive volatility in market risk is managed through the diversification of the funds in terms of geographical and industry sector and individual securities.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Financial Liabilities

As part of a joint venture agreement, the Council has entered into a contract to underwrite income shortfalls under the terms of a deed of covenant and guarantee. The Council has reviewed the arrangement in detail and, based on current information, has determined that the guarantee will not be called. A contingent liability is disclosed in note 45.

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2021, a total of £5,044k had been received from the administrator (99% of the Council's total claim of £5,087k). In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, as estimates of recovery have improved, part-reversals of those impairment losses have been made, including £58k in 2020/21. This reduced the balance of the provision for potential loss to £43k (1% of the Council's total claim).

48 *Heritage Assets: Further Information*

Heritage Assets

The 2011/12 Code of Practice introduced a change to the accounting treatment for heritage assets and, from 2011/12, the Authority is required to show them on the face of the Balance Sheet at valuation or cost. The Authority's accounting policies for the recognition and measurement of heritage assets are set out in the Authority's summary of significant accounting policies (see accounting policy 13).

General

Heritage Assets are defined by the Code as assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Five Year Summary of Transactions

The Code requires a 5 year summary of transactions to be provided, but states that the information need not be given for any period before 1st April 2010 where it is not practicable to do so. The Council's Heritage Assets were valued during 2011 and no values were held or known before then, so it is not practicable to show transactions over the last five years. Accordingly, the accounts only record information back to 1st April 2010 (estimated values restated as at 1st April 2010 and 31st March 2011). The carrying values are shown in Note 15.

Heritage Assets disclosed in the accounts include the following:

Mayoral Regalia and Insignia

The Council owns a number of items of official insignia (Mayoral and other), comprising various badges and chains of office and a few items of civic silverware, including spoons, cups and maces. The whole collection has been valued by an independent jewellery appraiser and evaluation specialist at a total of £673k and are deemed to have indeterminate lives and are, therefore, treated as non-depreciable.

Art Works

The Bromley Museum Group has a number of works of art, including:

- Fine Art and Ethnographic Collection comprising fine art and valuables, antique ceramic and glass, paintings, prints and drawings, sculpture and works of art. The collection has been independently valued at £162k;
- Contemporary Art Work Collection (valued at £172k);
- Mural at Orpington Hospital (valued at £10k).

The total value of these works of art is estimated at £344k and all are deemed to have indeterminate lives and are, therefore, treated as non-depreciable.

Heritage Assets not disclosed in the accounts include the following:

War Memorials and Memorial Plaques

There are 19 war memorials, most of which include commemorative plaques, located in the borough and these are a key focal point for local communities and are maintained and enhanced as necessary for the benefit of residents of the borough.

Metrology Equipment

The Council owns various items of measuring equipment, such as scales and balances, that are estimated to have a total value of between £5k and £7k. They are considered de minimis and are not included on the Balance Sheet.

Other Items

The Council owns a number of other heritage assets, including coal tax posts, listed milestones, listed water troughs and drinking fountains, other fountains, stone figures and archaeological artefacts.

The Council does not consider that reliable cost or valuation information can be obtained for these items because of their unique nature and lack of comparable market values. In the Council's opinion, it would not be practicable to obtain a valuation for these assets at a cost that would be commensurate with the benefits to users of the financial statements and they are not, therefore, recognised on the Balance Sheet.

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for the London Borough of Bromley as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the London Borough of Bromley in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. The Collection Fund is consolidated with other accounts of the Authority.

	Notes	2022/23 £000	2023/24 £000
Income			
Amounts receivable from Council Tax payers	**(1)**	240,427	256,404
Income collectable from Business Rate payers	**(2)**	82,013	83,048
Income Collectable from Business Rate Supplement	**(3)**	2,044	2,112
		324,484	341,564
Expenditure			
Precepts / Demands			
- London Borough of Bromley		178,835	189,176
- Greater London Authority		52,751	58,215
Business Rates	**(2)**		
- Payments to National Pool			
- Payment to Central Government (DLUHC)		21,434	22,371
- Payment to Greater London Authority (GLA)		24,032	25,083
- Payment to London Borough of Bromley		19,485	20,337
- Cost of Collection		322	316
Business Rate Supplement	**(3)**		
- Contribution to GLA		2,038	2,106
- Cost of Collection/Administrative Costs		6	6
Bad and Doubtful Debts / Appeals			
- Write offs		530	728
- Provision for Appeals		1,225	2,514
- Increase / (decrease) in bad debt provision		5,073	3,532
		305,731	324,384
Surplus for the Year		(18,753)	(17,180)
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		2,400	5,400
- Greater London Authority		2,879	3,172
		5,279	8,572
Net Movement on Fund Balance		(13,474)	(8,608)

	£000	£000
Fund Balance		
Balance at 1st April	20,977	7,503
Net movement for year	(18,753)	(17,180)
Distribution of Prior Year Surplus	5,279	8,572
Balance at 31st March - Deficit / (Surplus)	7,503	(1,105)

In accordance with the statutory provisions for Collection Fund accounting, any surplus or deficit on the Fund can be transferred only in the financial year for which the budgetary provision was made. Any balance must remain on the Collection Fund and be repaid in the following year.

Council Tax Balance split into its attributable parts:

	Surplus as at 31st March 2023 £000	Distribution of Surplus in 2021/22 £000	Surplus for 2022/23 £000	Surplus as at 31st March 2024 £000
London Borough of Bromley	(7,925)	5,400	(3,631)	(6,156)
Greater London Authority	(543)	3,172	(1,122)	1,507
	(8,468)	**8,572**	**(4,753)**	**(4,649)**

The balance of the surplus held at 31st March 2023 will be distributed in 2024/25 and the 2024/2: surplus will be distributed in 2025/26.

Business Rates Balance split into its attributable parts:

	Deficit as at 31st March 2023 £000	Distribution of estimated Deficit in 2021/22 £000	Deficit for 2022/23 £000	Deficit as at 31st March 2024 £000
London Borough of Bromley	4,789	4,416	688	1,061
Greater London Authority	5,910	5,446	848	1,312
Central Government	5,272	4,857	756	1,171
	15,971	**14,719**	**2,292**	**3,544**

The deficit held at 31st March 2024 of £3,544k will be distributed in 2024/25 and 2025/26.

Council Tax and Business Rates Net Deficit / (Surplus)	**(1,105)**

1 *Council Tax Base*

The Council's taxbase i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted into equivalent number of band D dwellings, was calculated as follows:

Band	Number of Properties	Multiplier	Band D Equivalent Dwellings
A	1,283	6/9	855
B	6,770	7/9	5,266
C	22,847	8/9	20,308
D	30,596	9/9	30,596
E	26,598	11/9	32,509
F	17,073	13/9	24,661
G	13,076	15/9	21,793
H	1,604	18/9	3,208
			139,196
Allowance for MOD properties, changes in exemptions, discounts and number of properties			(2,575)
			136,621
Estimated Collection Rate			98.34%
Council Tax Base 2023/24			134,353

2 *Business Rates*

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate (set by Government). The Council is responsible for collecting rates due from ratepayers in its area but until 31st March 2013 it paid the proceeds into an NNDR pool administered by the Government. The Government redistributed the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of the population. On 1 April 2014 the Government introduced a new local government funding regime, the Business Rates Retention Scheme. This removed the national pool and instead allows councils to retain a set proportion of business rates collected subject to set baselines and limits. The remainder of business rates collected are paid as precepts to the Government (CLG) and the Greater London Authority (GLA).

The total non-domestic rateable value at 31st March 2024 was assessed by the Government's District Valuer as £245,039,482. The national non-domestic multiplier for the year was 51.2p. The income collectable for the year of £83m (£82m 2022/23) is net of revaluations, allowance for empty properties, provision for non collection, transitional and mandatory relief's as well as the part year effect of properties falling out / brought into rating during the year.

3 *Business Rate Supplements*

Business Rate Supplements (BRS) were introduced by the Business Rate Supplements Act 2009 and related regulations and statutory guidance. The Act confers powers on relevant local authorities "to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development". The BRS only applies to businesses with a rateable value of more than £75,000. The BRS multiplier for the year was 2 pence in the pound. The income collectable for the year was £2.112m (£2.044m in 2022/23) net of reliefs on the same basis and same percentage rate as for NNDR.

FORMER LRB FUND

Since 30th March 1990 Bromley has taken responsibility for the management and disposal of a number of ex-GLC properties previously administered by the London Residuary Body. Bromley is also responsible for any residual functions following the winding up of the LRB. Monies were transferred to Bromley in order to meet management, administration and disposal costs. Surpluses arising from property transactions are apportioned between the London Boroughs and distributed on 31st March each year.

Movement for year ending 31st March 2024

	Fund 1	Fund 2	TOTAL
	£000	**£000**	**£000**
Balance as at 1st April 2023	(260)	341	81
Movement in year on ex LRB functions:			
Income (note 1)	(1)	(1,159)	(1,160)
Interest earnings on Fund balance (note 2)	(12)		(12)
Contribution to Fund (note 3)			
Expenditure		388	388
Distribution (note 1)			
Balance as at 31st March 2024	(273)	(430)	(703)

Balance Sheet as at 31st March 2024

2023		2024
£000		£000
	Assets	
54	Debtors	37
54		37
444	Cash	666
498		703
	Liabilities	
260	Fund 1	273
(341)	Fund 2	430
579	Creditors	-
498		703

Notes to accounts

1) ***Income & Distribution***

During 23/24 expenditure was £388k due to a legal settlement
Similar to 22/23, 23/24 income will be withheld to recoup balance

2) ***Interest***

Interest for 2023/24 has been added to Fund 1
This has been calculated at £12k

3) ***Contribution to Fund***

Although there was a request in 2021/22 for a contribution of £500,00 towards the Funds,
£37k of our invoices remain unpaid by two Borough's and accounts for the high debtors.

** ***Fund 1***

Initial Fund set up in 1990 with a contribution of £2m from the LRB for properties transferred from LRB. Any surpluses arising from the disposal is distributed each year to all London Boroughs on the basis of population.

Fund 2

Set up in 1992 with a further contribution of £1m from the LRB for the administration of any remaining properties following the final winding up of the LRB. Any surplus arising from disposal of these properties is distributed to the London Boroughs on the basis of population.

Winding up Order 1996 incorporated the South Bank properties. Any surplus arising from disposal of these properties is distributed to the London Boroughs on the basis of council tax base.

PENSION FUND ACCOUNT

2022/23			Note	2023/24	
£000	£000			£000	£000
		Dealings with members and employers			
		Contributions and similar payments			
8,900		Contributions - from members	**5**	9,602	
26,924		- from employers	**5**	28,041	
5,596		Transfers in from other pension funds (individual)		3,775	
	41,420				41,418
		Benefits			
(31,584)		Pensions		(35,034)	
(4,514)		Lump sum benefits - retirement	**6**	(4,430)	
(492)		- death	**6**	(992)	
	(36,590)				(40,456)
		Payments to and on account of leavers			
(153)		Refunds of contributions		(53)	
(4,079)		Transfers out (individual)		(4,370)	
	(4,232)				(4,423)
	598	**Net (withdrawal) / addition from dealings with Fund members**			(3,461)
	(7,008)	**Management expenses**	**7**		(7,367)
	(6,410)	**Net (withdrawal) / addition including fund management expenses**			(10,828)
		Returns on investments			
30,468		Investment income	**9**	38,429	
(73,918)		Profit and losses on the disposal of investments and changes in the value of investments	**10**	119,001	
	(43,450)	Net return on investments			157,430
	(49,860)	**Net increase/(decrease) in the net assets available for benefits during the year**			146,602
	1,346,324	Opening net assets of the scheme			1,296,464
	1,296,464	**Closing net assets of the scheme**			**1,443,066**

NET ASSETS STATEMENT

31st March 2023			Note	31st March 2024	
£000	£000			£000	£000
		Long term investments			
	150	Shares in London Collective Investment Vehicle (CIV)	**10**		150
		Investment assets	**10**		
	773,901	**Equities**			402,364
		Pooled funds	**10**		
142,087		Fixed income		210,227	
-		Global equities		431,588	
238,264		Multi-asset income		244,067	
	380,351				885,882
		Other investments	**10**		
79,374		Pooled property investments		85,569	
	79,374				85,569
10,743		Cash deposits held by investment managers		9,360	
20,524		Money market funds		29,623	
5,642		Investment income due		6,605	
187		Amounts receivable for sales		0	
	37,096				45,588
	1,270,722	Total investment assets			1,419,403
		Investment liabilities			
(665)		Amounts payable for purchases		-	
	(665)	Total investment liabilities			-
	1,270,207	**Total net investments**	**10**		1,419,553
	988	Long-term debtors	**14**		1,082
		Current assets	**13**		
13,098		Short term lending		7,421	
12,188		Cash balances		18,268	
3,105		Debtors		3,768	
	28,391				29,457
		Current liabilities			
	(3,121)	Creditors	**13**		(7,025)
	1,296,465	**Net assets of the fund available to fund benefits at the end of the reporting period**			**1,443,066**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The Actuarial present value of promised retirement benefits is disclosed in Note 16.

1 *Description of Fund*

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Bromley Pension Fund Annual Report 2023/24 and the underlying statutory powers underpinning the scheme, which are listed below.

(a) General
The London Borough of Bromley Pension Fund is part of the LGPS and is administered by the London Borough of Bromley. It is a contributory defined benefit pension scheme to provide pensions and other benefits for pensionable employees of the Council and of other organisations with scheduled or admitted body status within the Fund. Teachers are not included as they are members of the Teachers' Pension Scheme, administered by the Department for Education. Former NHS public health health staff who transferred to Bromley in April 2013 are also not included as they remain members of the NHS Pension Fund, administered by the Department for Health.

The Fund is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following legislation:

- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016.
- The LGPS Regulations 2013 (as amended).

The Fund is overseen by the London Borough of Bromley Pensions Committee.

(b) Membership
Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal pension arrangements outside the scheme.

Organisations participating in the Fund include:
- Administering Authority: The London Borough of Bromley
- Scheduled Bodies: Academies, Colleges and Foundation Schools whose staff are automatically entitled to be members of the Fund
- Admitted Bodies: Other organisations that participate in the Fund under admission agreements with the Fund. These may include voluntary, charitable and similar bodies or private contractors carrying out local authority functions after outsourcing to the private sector.

The following table shows the total membership of the Fund as at 31st March 2024 and 2023.

	2024	2023
Number of employers	134	140
Number of employees in scheme		
London Borough of Bromley	1,942	1,992
Other employers	4,584	4,517
	6,526	6,509
Number of pensioners		
London Borough of Bromley	4,566	5,111
Other employers	1,573	908
	6,139	6,019
Deferred pensioners		
London Borough of Bromley	2,964	4,098
Other employers	3,702	2,345
	6,666	6,443
Total number of members in pension scheme	**19,331**	**18,971**

1 *Description of Fund (continued)*

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active scheme members in accordance with the LGPS Regulations 2013 and, in 2023/24, ranged from 2.75% to 12.5% of pensionable pay. Contributions are also made by employers and these are set based on triennial actuarial valuations.

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage of pensionable pay. In 2023/24, total employer rates ranged from 12.5% to 35.8% of pensionable pay.

(d) Benefits

Pension benefits accrued prior to 1st April 2014 are based on final pensionable pay and length of pensionable service and are calculated as follows:

Service pre 1st April 2008:

- Pension: each year worked is worth 1/80 x final pensionable salary.
- Lump sum : automatic lump sum of 3/80 for each year worked x final pensionable salary. A proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

Service post 31st March 2008:

- Pension: each year worked is worth 1/60 x final pensionable salary.
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

With effect from 1st April 2014, the LGPS became a career average scheme and pension benefits accrued after 31st March 2014 are calculated as follows:

- Pension: for each year of scheme membership, a pension equal to 1/49 of pensionable pay for that year will be added to an employee's pension account. Annual additions are then made to ensure the accrued pension keeps pace with inflation.
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

As well as a change to the way in which benefits are calculated, the scheme normal retirement age for benefits accrued after 31st March 2014 changed to State Pension Age or 65, whichever is later.
There is a range of additional benefits for members of the scheme including, but not limited to, early retirement, ill health retirement and death benefits.

2 *Basis of Preparation*

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position as at 31st March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector, as well as guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG).

The accounts 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 nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 16.

The accounts have been prepared on a going concern basis. The London Borough of Bromley Pension Fund is an open scheme with a strong covenant from the participating employers and is therefore able to take a long-term outlook when considering the general funding implications of external events. The Fund was 110% funded at the 31 March 2019 valuation and funding had improved to 115% funded at the 31 March 2022 valuation.

2 *Basis of Preparation (continued)*

Cash flow in the Fund is generally provided by the ongoing excess of contributions over payments. Additionally, a portion of investment income generated by the Fund is also retained as cash to provide additional liquidity. The Fund held cash of £47.89 million at the Balance Sheet date, equivalent to 3.37% of the Fund Assets. In addition, the Fund held £1.3 billion in Level 1 and Level 2 investment assets which could be realised in 3 months if required.
The overall cash flow position is subject to periodic monitoring and review to ensure that there is sufficient liquidity in Fund assets to meet any commitments. The Fund can disinvest to ensure that it is able to remain liquid for a period of at least 12 months from the date the financial statements are authorised for issue. As such, the accounts have been prepared on a going concern basis.

3 *Summary of Significant Accounting Policies*

(a) Contribution income
Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the scheme actuary in the payroll period to which they relate.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid is classified as a current financial asset. Employer deficit contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of an agreement, on a receipts basis.

(b) Transfers to and from other schemes
Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

(c) Investment Income

(i) Interest income
Interest income is recognised in the Fund account as it accrues. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

(ii) Dividend income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amounts not received by the end of the reporting period are disclosed in the net assets statement as "current assets".

(iii) Distributions from pooled funds
Distributions from distributing share class pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. For accumulating share classes, the change in market value also includes income, net of withholding tax, which is re-invested in the fund.

(iv) Movement in the net market value of investments
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.

(d) Benefits payable
Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund, as appropriate.

3 *Summary of Significant Accounting Policies (continued)*

(e) Taxation
The Fund is a registered public service scheme under 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 a Fund expense as it arises.

(f) Management expenses
The fund discloses its pension fund management expenses in accordance with the CIPFA guidance "Accounting for Local Government Pension Scheme Management Expenses (2016)", as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 8 and grossed up to increase the change in value of investments. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

(g) Investment management expenses
All investment management expenses are accounted for on an accruals basis and investment manager fees are agreed in the respective mandates governing their appointments. Broadly, these are based on a percentage of the total market value of investments under management and therefore increase or decrease as the total value of investments changes.

(h) Financial assets
Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS9 (see Note 11).

(i) Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

(j) Cash and cash equivalents
Cash comprises cash investments placed by the Fund managers and cash held internally by the Fund. 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 value.

(k) Financial liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to it. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

3 Summary of Significant Accounting Policies (continued)

(l) Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As is permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see Note 16). A summary of the results of the last full actuarial valuation is shown in Note 15.

(m) Additional voluntary contributions (AVCs)
The Council provides an AVC scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 17.

(n) Contingent Assets and Liabilities
A contingent asset or liability arises where an event has taken place giving rise to a possible asset or liability whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

(o) Events After the Reporting Period End
Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Pension Fund accounts and 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 accounts are ac
are adjusted to reflect such events
-those that are indicative of conditions that arose after the reporting period – the accounts are not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made of the nature of the events and their estimated financial effect.

(p) Basis for Valuation
Investments are shown in the accounts at market value, which has been determined as follows:

Level 1 - London CIV (Baillie Gifford) and MFS equities
The majority of listed investments are stated at closing bid price or where not available, the last traded price as at 31 March 2024.

Level 2 - Fidelity and Schroders fixed income and multi asset funds
(when not subject to a material uncertainty clause)
Closing bid price where bid and offer prices are published or closing single price where single price is published

Level 3 - Fidelity and Morgan Stanley Northaven pooled property funds
Market value as published in the audited accounts.

(q) Roundings
It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

4 Critical Judgements in Applying Accounting Policies, Assumptions on the Future and Other Major Sources of Estimation Uncertainty
The Pension Fund liability is calculated every three years by the scheme actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 15. The assumptions were determined after taking into account historical experience, current trends and other factors. This estimate is subject to significant variations based on changes to the underlying assumptions. Consequently, actual results may be materially different from estimates.

4 *Critical Judgements in Applying Accounting Policies, Assumptions on the Future and Other Major Sources of Estimation Uncertainty (continued)*

The actuarial present value of promised retirement benefits is included in Note 16. Estimation of the net liability to pay pensions and the judgements used are carried out by the scheme actuary. The significant judgements relate to the discount rate used, salary increase projections, inflation and demographic assumptions. As for the 31 March 2022 figures, the figure includes the potential impact of the McCloud judgement.

5 *Contributions receivable*

	2022/23 £000	2023/24 £000
Employer Contributions		
L.B. Bromley part of Fund		
L.B. Bromley - normal	10,313	10,056
- augmentations	-	-
- deficit funding	-	-
Scheduled bodies - Foundation Schools	250	168
	10,563	10,224
Other		
Scheduled bodies - normal - academies	14,481	15,275
- normal - colleges	777	930
Admitted bodies - normal	626	1,134
- deficit funding	478	478
	26,925	28,041
Member Contributions		
L.B. Bromley part of Fund		
L.B. Bromley	3,902	4,000
Scheduled bodies - Foundation Schools	166	118
	4,068	4,118
Other		
Scheduled bodies - academies	4,111	4,617
- colleges	409	489
Admitted bodies	311	377
	8,899	9,601

Details of the scheduled and admission bodies are included in Note 1 (b).

6 *Benefits Payable*

	2022/23 £000	2023/24 £000
Pensions		
L.B. Bromley part of Fund	16,815	18,653
Scheduled bodies - Foundation Schools	12,611	13,989
Admitted bodies	2,158	2,394
	31,584	35,036
Lump Sum Benefits - retirement		
L.B. Bromley part of Fund	2,923	3,891
Scheduled bodies - Foundation Schools	1,111	24
Admitted bodies	480	514
	4,514	4,429
Lump Sum Benefits - death		
L.B. Bromley part of Fund	463	934
Scheduled bodies - Foundation Schools	29	58
Admitted bodies	-	-
	492	992

7 *Management Expenses*

	2022/23	2023/24
	£000	**£000**
Administrative costs	985	743
London CIV implementation & service chg	110	101
External audit costs	16	16
Investment management expenses	5,538	6,088
Oversight and governance costs	358	419
	7,007	7,367

8 *Investment Management Expenses*

	2022/23	2023/24
	£000	**£000**
Management fees	5,253	5,678
Custody fees	216	274
Transaction costs	69	136
	5,538	6,088

9 *Investment Income*

	2022/23	2023/24
	£000	**£000**
Income from equities	13,518	10,049
Pooled property investments	3,521	5,816
Pooled investments	13,367	21,811
Interest on cash deposits	62	753
	30,468	38,429

10 *Investments*

Following a review of the Fund's investment strategy in 2021, to help manage the projected cashflow position of the Fund, Fidelity Bonds were changed from re-investing to income distributing.
The managers as at 31st March 2024 were as follows:

Global equities: Baillie Gifford and MFS.
Pooled global equities - London Collective Investment Vehicle
Fixed income: Fidelity.
Multi-Asset Income: Fidelity and Schroders.
Pooled Property: Fidelity and Morgan Stanley

In addition, the Fund has £150k of unlisted shares in the London LGPS CIV Ltd (London CIV), which was set up to manage/pool the investments of LGPS funds across London.

The bid value of the Fund as at 31st March 2023 and 2024 was divided between the Fund managers as follows:

	31st March 2023		31st March 2024	
	£000	**%**	**£000**	**%**
Baillie Gifford - global equities	437,538	34.54%	0	0.00%
LCIV - Pooled global equities	0	0.00%	431,588	30.86%
Fidelity - fixed income	142,095	11.22%	210,227	15.03%
- multi-asset income	124,341	9.81%	123,668	8.84%
- pooled property	65,144	5.14%	59,898	4.28%
- USD liquidity fund	20,524	1.62%	14,435	1.03%
MFS - global equities	348,988	27.55%	412,554	29.50%
MS Northaven - US property	14,230	1.12%	25,671	1.84%
Schroders - multi-asset income	113,930	8.99%	120,399	8.61%
London CIV	150	0.01%	150	0.01%
	1,266,940	100.00%	1,398,590	100.00%

10 Investments (continued)

The carrying amounts of financial assets held by Fund managers are held as fair value through profit and loss, with the exception of the London CIV investment which is held at cost.
There is no impact from the adoption of IFRS 9 Financial Instruments.

Pooled investments shown in the Net Assets Statement include the following:

	31st March 2023	31st March 2024
	£000	£000
Multi-Asset Income Fund (2)	238,271	244,067
Global Equities Funds (1)	-	431,588
Property Funds (2)	79,374	85,569
Sterling Bond Funds (1)	142,095	210,227
	459,740	971,451

The table below analyses movements in market values between the start and end of the year.

	Value at 31st March 2023	Purchases	Sales	Change in value	Value at 31st March 2024
	£000	£000	£000	£000	£000
Equities	773,901	63,614	(496,418)	61,267	402,364
Pooled investments	380,352	508,951	(65,000)	61,579	885,882
Pooled property investments	79,373	10,455	(616)	(3,644)	85,569
	1,233,626	583,020	(562,034)	119,203	1,373,815
Money market funds	20,524			(213)	29,623
Cash deposits	10,745			12	9,360
Amounts receivable for sales	187				-
Investment income due	5,642				6,605
Amounts payable for purchases	(665)				-
Net investment assets	**1,270,059**			**119,001**	**1,419,403**

	Value at 31st March 2022	Purchases	Sales	Change in value	Value at 31st March 2023
	£000	£000	£000	£000	£000
Equities	850,400	127,184	(187,509)	(16,174)	773,901
Pooled investments	376,020	50,000	(1,064)	(44,604)	380,352
Pooled property investments	81,776	12,175	(1,033)	(13,545)	79,373
	1,308,196	189,359	(189,606)	(74,323)	1,233,626
Money market funds	11,159			624	20,524
Cash deposits	6,563			(79)	10,745
Amounts receivable for sales	-				187
Investment income due	4,763				5,642
Amounts payable for purchases	-				(665)
Net investment assets	**1,330,681**			**(73,778)**	**1,270,059**

The change in market value (MV) of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including gains and losses realised on sales of investments and unrealised changes in market value. All gains and losses recognised arose from financial instruments valued at fair value through profit and loss.

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year totalled £136k (£69k in 2022/23). Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles, but amounts are not separately provided to the scheme.

10 *Investments (continued)*

The Code requires the Council to disclose any single investments exceeding either 5% of the net assets available for benefits or 5% of any class or type of security. Details are shown below.

	31st March 2023		31st March 2024	
	£000	% of total	£000	% of total
Fidelity				
- Institutional Aggregate Bond Fund	142,087	10.96	210,227	14.57
- Diversified Income Fund	124,341	9.59	123,668	8.57
- UK Real Estate Fund	65,144	5.02	59,898	4.15
LCIV BG - Global Equities Fund	-	-	431,588	29.91
Schroders - Global Multi Asset Income	113,930	8.79	122,018	8.46

11 *Fair Value Hierarchy*

The valuation of investment assets has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities and unit trusts).
Listed investments are shown at bid prices. The bid price is based on the market quotation of the relevant stock exchange. Valuation of the Fund's equities falls into this category.

Level 2 - where market prices are not available, for example where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.
The valuation of the Fund's pooled investments fall into this category.

Level 3 - where at least one input that could have significant effect on the instrument's valuation is not based on observable market data. These types of valuation are common to the valuation of alternative investments. The investment in pooled property and the London CIV falls into this category.

The following table provides an analysis of the investment assets of the Fund grouped into the level at which fair value is observable.

Determination of the fair value of assets
All investment assets are held at fair value. The determination of the fair value can be complex depending on the investment and the complexity of measurement can be represented by the fair value hierarchy. The fair value hierarchy ranks fair values at levels between 1 and 3.

	As at 31st March 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Equities	402,364			402,364
Pooled investments	431,588	454,294		885,882
Pooled property investments			85,569	85,569
London CIV			150	150
Cash deposits	9,368			9,368
Investment income due	6,605			6,605
Amounts receivable for sales	0			-
	849,925	454,294	85,719	1,389,938
Financial liabilities at fair value through profit and loss				
Amounts payable for purchases	-			-
	-	-	-	-
Total	**849,925**	**454,294**	**85,719**	**1,389,938**

11 *Fair Value Hierarchy (continued)*

There were no transfers between levels during 2023/24

	As at 31st March 2023			
	Level 1 £'000	**Level 2** £'000	**Level 3** £'000	**Total** £'000
Financial assets at fair value				
Equities	773,901			773,901
Pooled investments		380,352		380,352
Pooled property investments			79,374	79,374
London CIV			150	150
Cash deposits	10,745			10,745
Investment income due	5,642			5,642
Amounts receivable for sales	187			187
	790,475	380,352	79,524	1,250,351
Financial liabilities at fair value				
Amounts payable for purchases	(665)			(665)
	(665)	-	-	(665)
Total	**789,810**	**380,352**	**79,524**	**1,249,686**

The valuation basis for each category of investment asset (Level 1, Level 2 & Level 3) is set out below:

Category of Investment Asset	Basis of Valuation	Observable & Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Level 1			
Global equities	The published bid market price on the final day of the accounting period	Not required	Not required
Cash deposits held by Investment Managers	Carrying value is deemed to be fair value because of the short term nature of these financial instruments	Not required	Not required
Investment income due	Carrying value is deemed to be fair value because of the short term nature of these financial instruments	Not required	Not required
Futures and UK bond options (derivatives)	Published exchange price at the year end	Not required	Not required
Investment debtors and creditors	Carrying value is deemed to be fair value because of the short term nature of these financial instruments	Not required	Not required
Third party loans	Carrying value is deemed to be fair value because expected future interest rates are not significantly different from contractual interest rates for the loan	Not required	Not required

11 Fair Value Hierarchy (continued)

Level 2			
Unquoted equity investments	Average of broker prices	Evaluated price feeds	Not required
Unquoted fixed income bonds and unit trusts	Average of broker prices	Evaluated price feeds	Not required
Unquoted pooled fund investments	Average of broker prices	Evaluated price feeds	Not required
Forward foreign exchange derivatives	Market forward exchange rates at the year end	Exchange rate risk	Not required
Pooled property funds and hedge funds where regular trading takes place	Closing bid price where bid and offer prices are published. Closing single prices where single price is published.	NAV-based pricing set on a forward pricing basis	Not required
Level 3			
Share in London CIV	Regulatory capital payment for pooling membership	Valued at book cost	Not required
Pooled property	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Not required
Freehold and leasehold properties	Valued at fair value at year end	•Existing lease terms •Nature of tenancies •Covenant strength •Vacancy levels •Estimated rental growth •Discount rate	Not required
Shares in London CIV asset pool	Estimated value of the pension funds share of net assets held by the asset pool, based on relative % of shares held and voting rights	Current estimates of future dividend income	Not required
Other unquoted and private equities	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital guidelines 2018	•EBITDA multiple •Revenue multiple •Discount for lack of marketability •Control premium	Not required

Sensitivity of Assets Valued at Level 3
The Fund has determined that the valuation methods described for Level 3 investments, are likely to be accurate within certain ranges. The Pension Funds' only Level 3 investments are the Fidelity and Morgan Stanley Northaven Pooled Property investments. Please see Note 19 - Other Price Risk Sensitivity Analysis, which describes the value of each asset class at 31 March 2024, potential market movements (%), value on increase and decrease respectively.

11b Fair Value Hierarchy (continued)

	Unquoted and private equity £'000	Property £'000	Total £'000
Value as at 31 March 2023	150	79,373	79,523
Purchases		10,455	10,455
Sales		(616)	(616)
Unrealised gains and losses *		(3,644)	(3,644)
Value as at 31 March 2024	**150**	**85,568**	**85,718**

* Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

	Unquoted and private equity £'000	Property £'000	Total £'000
Value as at 31 March 2022	150	81,776	81,926
Purchases		12,175	12,175
Sales		(1,033)	(1,033)
Unrealised gains and losses *		(13,008)	(13,008)
Realised gains and losses *		(537)	(537)
Value as at 31 March 2023	**150**	**79,373**	**79,523**

12 Classification of Financial Instruments

2022/23				2023/24		
Fair value through profit and loss	*Financial assets at amortised cost*	*Financial liabilities at amortised cost*		*Fair value through profit and loss*	*Financial assets at amortised cost*	*Financial liabilities at amortised cost*
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
380,352			Pooled Investment Vehicles	885,882		
773,901			Equities	402,364		
79,374			Pooled property investments	85,569		
10,745			Cash deposits held by investment managers	9,368		
5,642			Investment income due	6,605		
	150		London Collective Investment Vehicle		150	
32,712			Cash balances	47,891		
-478			Other investment balances	0		
	3,105		Debtors		3,768	
	13,098		Short term lending		7,421	
	612		Long term debtor		1,031	
1,282,247	**16,965**		**Total Financial Assets**	**1,437,679**	**12,370**	
			Financial Liabilities			
			Other investment balances			
		(3,121)	Sundry creditors			(7,025)
		(3,121)	**Total Financial Liabilities**			**(7,025)**
1,282,247	**16,965**	**(3,121)**	**Net Financial Assets**	**1,437,679**	**12,370**	**(7,025)**

13 Current assets and liabilities

Current assets and liabilities are held respectively on the Balance Sheet as loans and receivables and financial liabilities at amortised cost.

	2022/23	**2023/24**
	£000	£000
Short term debtors		
Contributions due from employers and employees	2,039	1,943
VAT debtor		1,206
Other	1,066	619
	3,105	3,768
Cash balances	12,188	18,268
Short term lending	13,098	7,421
Total current assets	**28,391**	**29,457**
Current liabilities		
Fund management fees	1,122	541
Sundry Creditors	1,999	6,484
	3,121	7,025

14 Long term debtors

	2022/23	**2023/24**
Long term debtors	£000	£000
Repayment of Exit Agreement	337	287
Reimbursement of lifetime tax allowances	651	795
	988	1,082

15 *Funding Arrangements*

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme Regulations 2013.
The valuation of the Fund (as at 31st March 2019) calculated a solvency funding level of 110% and set a common employer contribution rate (including allowance for McCloud) of 20.0% and total annual lump sum past-deficit contributions of £0.1m from 1st April 2020 until 31st March 2023 for those employers where a shortfall exsists, additional contributions will be required over an average recovery period of 12 years.
The most recent full valuation of the Fund (as at 31st March 2022) was carried out by the actuary during 2022/23. This calculated a new solvency funding level of 115%. For those employers where a shortfall exists, additional contributions will be required to correct this shortfall over an average recovery period of 10 years.
From 1st April 2023 until March 2026 the actuary has certified a Primary Contribution rate (i.e. the average contribution towards future service benefits across all employers) of 19.0% of pay. Secondary rate contributions is an offset of 0.04% of pay per annum (totalling approximately £0.05m per annum on average across all employers). The Secondary Rate payable
also includes contributions towards the potential impact of the McCloud judgement as agreed with employers.
For any schools adopting academy status from 1 April 2024, a contribution rate calculation will be carried out individually by the actuary.
The following assumptions were employed in the 2019 and 2022 valuations.

	2019	**2022**
Economic assumptions	**% p.a.**	**% p.a.**
Increases in earnings - long term	3.9	4.6
- short term (3 years)	n/a	n/a
General Inflation	2.4	3.1
Increases in pensions	2.4	3.1
Investment return - Overall discount rate	3.65	4.1
Mortality assumptions	**Years**	**Years**
Life expectancy - male aged 65 now	22.7	22.3
- at 65 for male aged 45 now	24.6	23.7
- female aged 65 now	25.1	24.4
- at 65 for female aged 45 now	27.1	26.5

Commutation assumption - It has been assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement. This is slightly less than the assumption at the 2019 actuarial valuation which was equivalent to members taking about 80% of the maximum tax-free cash available.

16 *Actuarial Present Value of Promised Retirement Benefits*

The net liability of the London Borough of Bromley part of the Fund in relation to the actuarial promised retirement benefits and the net assets available to fund these benefits (both based on IAS 19 information available as at 31st March) is shown in detail in Note 44 to the main financial statements. The figures shown in the Net Assets Statement are in respect of the Whole Fund.
The Fund is also required to disclose the actuarial present value of future benefits for the Fund as a whole. This was assessed by the Council's actuary under IAS 26 as £1,056m as at 31st March 2024 (£1,032m as at 31st March 2023).

	31 March 2023	**31 March 2024**
	£000	£000
Present value of promised retirement benefits	-1,032,000	-1,056,000
Fair value of scheme assets (bid value)	1,282,397	1,443,066
Net liability	**250,397**	**387,066**

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

16 Actuarial Present Value of Promised Retirement Benefits (continued)

The key feature of the proposed remedy is to extend the final salary "underpin" to a wider group of members for service up to 31 March 2024. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014. In preparing the 2022 actuarial valuation of the London Borough of Bromley Pension Fund, the Fund's actuary assessed, at the overall Fund level that the potential cost of the judgment could be an increase in past service liabilities of broadly £7 million and an increase in the Primary Contribution rate of 0.7% of Pensionable Pay per annum for the period to 31 March 2022. As part of the valuation, employers in the Fund were given the option to pay additional contributions to meet these potential costs.

A similar allowance of the potential costs of the Judgment has been incorporated into the IAS26 figures above based on the calculations undertaken by the Actuary as part of the 2019 valuation i.e. namely an increase of c£8m in liabilities as at 31 March 2019 (assessed on the IAS26 assumptions).

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The demographic assumptions used in preparing the IAS 26 figures are the same as those used for the 2022 actuarial valuation (see Note 15) but with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, the Actuary has also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting. The following financial assumptions used were:

	2023	**2024**
	% p.a.	**% p.a.**
Increases in earnings	4.2	4.2
Increases in pensions	2.8	2.8
Inflation	2.7	2.7
Investment return - Overall discount rate	4.8	4.9

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed, however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, Bromley Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

17 *Additional Voluntary Contributions*

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2022/23 and 2023/24 and the total value of AVC Funds as at 31st March 2023 and 2024 is shown below.

	2022/23	2023/24
AVC contributions	**£000**	**£000**
- to Aviva	27	13
Total contributions	**27**	**13**

	2022/23	2023/24
Market Value	**£000**	**£000**
- Aviva	553	604
- Utmost Life & Pensions	60	60
Total Market Value	**612**	**664**

18 *Related Parties*

One member of the Pensions Committee during the year was in receipt of a pension, and one is a deferred pensioner.
A special responsibility allowance of £8,250 was paid to the Chairman of the Committee in 2023/24 (£2,064 in 2022/23). No other payments were made for meeting attendance.

The Council incurred costs of £1.415m (£1.548m 2022/23) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

Two key management personnel of the Fund (the Director of Corporate Services and the Director of Finance) are active members of the Fund. Their remuneration is set out below.

	2022/23	2023/24
	£000	**£000**
Short-term benefits	16	17
Post-employment benefits	4	5
	20	**22**

19 *Nature and extent of risks arising from financial instruments*

The Code of Practice on Local Authority Accounting in the United Kingdom 23/24 requires disclosure of the nature and extent of risks arising from financial instruments. This requirement extends to the specific risks related to Pension Fund investments. Detailed disclosures concerning these risks are included in this note on the next two pages.

Risk and Risk Management
The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk, price risk, currency risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet its forecast cash-flows. The Authority manages these investment risks as part of its overall Pension Fund risk management programme.

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 sector and individual securities. The Fund has an asset allocation rebalancing policy that ensures that diversification is maintained in the event that particular asset class values increase or decrease to an extent that rebalancing is required to retain diversification. These ranges are reviewed quarterly by the Director of Finance. Further details of current policy are included in the Fund's Statement of Investment Principles. To mitigate market risk, the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk
Other price risk represents the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency), 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 management agreements for non-pooled investments provide tolerances for investment manager deviation from market asset class returns expressed as the tracking error from benchmark returns. Fund officers review these metrics with Fund managers at each quarter.

The Fund's investment managers mitigate this price risk through diversification and 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.

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2023/24, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same.

19 Nature and extent of risks arising from financial instruments (continued)

Other price risk - Sensitivity Analysis

Asset type	Value as at 31.03.2024	Potential market movements (+/-)	Value on increase	Value on decrease
	£000		£000	£000
UK bonds	211,330	2.74%	217,120	205,539
Overseas bonds	(1,103)	2.74%	(1,133)	(1,072)
UK quoted equities	462,177	21.2%	560,158	364,195
UK unquoted equities	150	0	150	150
Overseas equities	371,176	21.2%	449,865	292,486
Pooled investments - OIECs	245,687	4.50%	256,743	234,631
Pooled property investments - OIECs	59,898	7%	64,091	55,705
Overseas property investments	25,671	7%	27,468	23,874
Total	1,374,984		1,574,462	1,175,509

Asset type	Value as at 31.03.2023	Potential market	Value on increase	Value on decrease
	£000		£000	£000
UK bonds	142,486	13.66%	161,950	123,023
Overseas bonds	(399)	13.66%	(453)	(344)
UK quoted equities	42,450	1.18%	42,951	41,949
UK unquoted equities	150	0	150	150
Overseas equities	731,452	1.18%	740,083	722,821
Pooled investments - OIECs	239,152	4.50%	249,914	228,390
Pooled property investments - OIECs	65,144	14.47%	74,571	55,718
Overseas property investments	14,230	14.47%	16,289	12,171
Total	1,234,664		1,285,454	1,183,878

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 base currency of the Fund, i.e. £Sterling.

Many securities denominated in foreign currencies also gain significant proportions of their income and profits from jurisdictions outside of the market on which those securities are quoted. Over the long-term, currency rates reflect value in a particular territory and, to the extent that a particular security is exposed to currency risk in a particular territory, investment managers make decisions about this in their analysis of what securities to buy, sell or hold.

The Fund manages this risk by setting investment benchmarks and comparing overall outcomes against those benchmarks. These outcomes are reported to the Director of Finance and the Pensions Investment Committee every quarter.

The Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% 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.

19 Nature and extent of risks arising from financial instruments (continued)

Currency Risk - Sensitivity Analysis

Assets exposed to currency risk	Asset value as at 31.03.2024	Potential market movement	Value on increase	Value on decrease
	£000		£000	£000
Overseas bonds	(1,103)	(110)	(1,213)	(993)
Overseas equities	371,176	37,118	408,293	334,058
Overseas pooled property	25,671	2,567	28,238	23,104
Cash and cash equivalents	9,368	937	10,305	8,431
Total change in assets available to pay benefits	405,112	40,511	445,623	364,600

Assets exposed to currency risk	Asset value as at 31.03.2023	Potential market movement	Value on increase	Value on decrease
	£000		£000	£000
Overseas bonds	(399)	(40)	(439)	(360)
Overseas equities	731,452	73,145	804,597	658,307
Overseas pooled property	14,230	854	15,083	13,376
Cash and cash equivalents	25,429	2,543	27,972	22,886
Total change in assets available to pay benefits	770,711	76,501	847,213	694,208

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 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.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one bank or building society. In addition, the Council may invest in AAA-rated money market funds to provide diversification.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years.

The Council reviews exposure to different classes of credit ratings for fixed-interest securities and these results are reviewed quarterly by the Director of Finance.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Authority therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings that are invested by the Authority, although, as is stated above, the level of cash held was not sufficient to warrant separate investment. The levels of cash held are reviewed by the Authority as part of the periodic cash-flow forecasting and form part of the Fund’s investment strategy. The Fund’s investment strategy ensures that around 95% of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

19 *Nature and extent of risks arising from financial instruments (continued)*

Liquidity Risk continued

The Fund has illiquid assets through the Fidelity and Morgan Stanley Northaven Property Funds, which had values of £59.9m and £25.7m respectively as at 31st March 2024, representing 6.2% of investment assets (£65.1m (5.2%) and £14.2m (1.1%) as at 31st March 2023).

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.

Changes in interest rates principally affect investments held in cash or fixed interest securities. Changes in interest rates, currencies and credit risk are all inter-related and affected by many influences including sovereign interest rates and factors affecting each individual investment. Investment managers manage these risks through the choice of their investments, by having benchmark outputs to attain and eporting variances from benchmark returns. The Fund reviews outcomes versus the assigned benchmark and the exposure to different classes of credit ratings and these results are reviewed quarterly by the Director of Finance.

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

Interest rate - risk sensitivity analysis

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 +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and visa versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk:

Exposure to interest rate risk	Asset values as at 31.03.2024	Impact of 1% decrease	Impact of 1% increase
	£000	£000	£000
Cash and cash equivalents	9,368	9,274	9,461
Fixed interest bonds	210,227	208,125	212,329
Total	219,595	217,399	221,791

Exposure to interest rate risk	Asset values as at 31.03.2023	Impact of 1% decrease	Impact of 1% increase
	£000	£000	£000
Cash and cash equivalents	56,555	55,990	57,121
Fixed interest bonds	142,087	140,666	143,508
Total	198,643	196,656	200,629

20 Contingent Assets

The Council is party to a joint venture (JV) arrangement, More Homes Bromley LLP. As part of the overall arrangement the Council has resolved that, on receipt of the property stock at the conclusion of the agreement, the properties will subsequently be ‘gifted’ to the Pension Fund with a view to reducing current pension contributions. The assets to be 'gifted' at the end of the arrangement will not exceed the value of the Council's Pension Fund deficit at that time. The eventual consideration may differ from the actuarial assumptions used due to the long term nature of the arrangement and the application of different professional standards. Whilst there is a constructive obligation to transfer the whole or part of the property stock this is subject to a number of caveats and there is not sufficient certainty for it to be recognised by the Pension Fund as an asset at this stage.

21 Events After the Reporting Period

There are no events after the reporting date to disclose.

Annual Governance Statement

2023/24

Contents

1. Executive Summary

The Leader of the Council and Chief Executive recognise the importance of having appropriate processes and controls in place to run the Council and ensure its services are delivered effectively.

The Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. The Council's Audit and Risk Management Committee reviews the production of the AGS and considers and scrutinises the content.

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Making Bromley Even Better', the Council's Corporate Strategy, contains the guiding principles for Bromley Council, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

Making Bromley Even Better (Corporate Strategy)

Bromley's governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled, and the activities through which it accounts to, engages with and leads its community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bromley's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromley for the year ended 31st March 2024 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

With substantial additional savings to be made over the next four years, the financial situation continues to drive the future direction and work of the Council.

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified 6 areas as requiring further work during 2024/25 and these are detailed overleaf.

Progress made in dealing with the governance issues identified in the 2022/23 Annual Governance Statement is detailed on pages 26 and 27.

Governance Issue	Action	Lead Officer
Finance A balanced budget for 2024/25 has been achieved through the Transformation Savings Programme, an improved financial settlement and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. As at July 2024, there remains a "budget gap" of £22.2m in 2025/26 rising to £51.1m per annum in 2027/28. There is also an average annual Dedicated Schools Grant deficit of around £5m to £6m for the period 2024/25 to 2027/28, with the Government's statutory override still in place. The projections assume mitigation and transformation savings of £15.3m in 2025/26 rising to £25.0m per annum by 2027/28. There will be regular updates to the Council's financial forecasts to particularly reflect volatility in the costs and demand for housing and children's social care. These projections exclude any further savings to be identified as part of the Transformation Bromley 2024-2028 programme, which is expected to reduce the budget gap significantly. The projections from 2025/26 have to be treated with some caution, particularly as the Government's next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27. The impact of the Operational Property Review resulted in a shortfall in funding for the Council's capital programme. To address this, the Council produced a property disposals programme as well as a commitment to fund housing schemes through borrowing to ensure sufficient funding was available for the capital programme. Details were reported to Executive in	In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in: Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28 Further details of the updated capital funding strategy can be found in: Capital Strategy 2024/25 to 2027/28	**Director of Finance**

November 2022. This situation will continue to be reviewed.		
Statement of Accounts The statement of accounts for 2019/20 had previously been subject to considerable delays largely caused by issues concerning the valuation of the Council's Fixed Assets. This backlog has now been largely addressed with the 2020/21 and 2021/22 accounts published in 2023/24. 2022/23 and 2023/24 were published in July and October 2024. The External Auditor's Value for Money report covering 2020/21, 2021/22 and 2022/23 received in May 2024 recommended that 'the Council need to regularly review their capacity within the finance function to ensure that they have capacity to support and timely and efficient audit'.	The Council has deployed additional resources in the closing team and is working closely with the external valuers to ensure that future years' accounts are published by the statutory deadline. Resources will continue to be reviewed on a regular basis.	**Director of Finance** **Head of Corporate Finance and Accounting**
Condition of the operational property estate to ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.	A review of the Council's operational estate has been completed. Following this review those properties which are no longer required for operational purposes are being sold. A programme to repair the Council's remaining operational properties is progressing which will ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services. It is proposed that following completion of the repair works to the operational properties, a planned maintenance programme will be established to ensure that the premises are maintained in compliance with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services. A new Compliance Manger will be employed to work with the Head of Facilities Management and Soft Facilities Manager to establish new supply chains and a new Computer Aided Facilities Management System to facilitate property	**Director of Housing, Planning, Property and Regeneration** **Assistant Director, Strategic Property and Head of Facilities Management**

	maintenance, ensure Health and Safety compliance and management of the relevant data for audit purposes.	
Dedicated Schools Grant (DSG) deficit Financial pressures on the DSG are acknowledged as a national issue in the Government's Green Paper: ***'widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and, that despite substantial additional investment, the system had become financially unsustainable'.*** The national DSG deficit is understood to have reached in excess of £2bn, with c30 LAs supported with bailouts through Safety Valve and Delivering Better Value programmes. Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the local financial pressures until Bromley became one of the last London boroughs to enter a deficit position in 2020/21. Benchmarking data provided by these local financial challenges have since continued to increase, with the deficit position having increased to £16m by the end of 2023/24. Adjusting for mitigation measures included with the Medium Term Financial Strategy, the deficit is forecast to increase by circa £5m per annum. The cumulative deficit is creating a 'negative reserve position' (see Provisional Final Accounts 2023/24 to Executive on 22 May 2024) resulting in insufficient Government grant. Specific funding has not been identified due to the statutory override situation although the cumulative deficit does not exceed the Council's current level of earmarked reserves. This clearly	DSG Deficit Recovery Management Plan to be updated in consultation with the Department for Education (DfE)/Education and Skills Funding Agency (ESFA).	**Director of Education**

creates a negative impact on the Council's overall financial position. The pressures in Bromley are exacerbated by a shortage of local specialist places and historically limited universal and targeted provision for children with additional needs.		
Housing/Homelessness The numbers of households who approached as homeless rose during the year despite proactive prevention and partnership work to address this. Continuing uncertainty in the housing market meant that procuring private sector accommodation was more costly and difficult. There was increased competition from private renters and we were unable to procure the level that we needed to meet demand. This put an increased reliance on the provision of temporary accommodation (TA), which is increasingly volatile; with prices escalating and supply drying up. Consequently, the numbers in Nightly Paid Accommodation rose throughout the year whilst numbers in the more affordable forms of TA decreased month on month. New accommodation that was sourced was done so at an increased cost versus previous procurement. It was also increasingly difficult to secure in-borough TA. This impacts negatively when trying to gain access to services and support for vulnerable residents. The majority of out of borough placements were in other parts of London or Kent, but Bromley, along with all other London authorities, were forced to secure homes further and further away from the borough boundaries to ensure that we were able to meet our statutory obligations in respect of Housing.	Phase 2 of the Meadowship acquisition programme is a 2-year acquisition programme overseen by the Meadowship board (the 2 leads are the Director of HPP&R and Head of Finance). The housing sites delivery programme current has 2 sites underway and a further 3 sites now approved. This is a 3-year programme overseen by the AD Culture and Regeneration. Conversion of the More Homes Bromley tenancies is an ongoing programme as these become available for letting overseen by the AD Housing. A review of landlord incentives was completed by January 2024 and runs alongside on-going negotiations for block booking arrangements and inspections against the SLAs to ensure standards are met. Officers also continue to engage with the market to explore all potential schemes which may increase supply and these are brought to Members for consideration when such scheme opportunities arise. The Allocations Scheme has been revised and the new scheme was approved in February 2024. There is counter fraud work in progress to ensure TA properties are occupied by the intended tenant and we are also exploring joint fraud work with social landlords. We are actively pursuing additional grant funding to increase affordable housing supply through development acquisition and empty homes. Progress against actions is reviewed minimum quarterly.	**Director of Housing, Planning and Regeneration** **Assistant Director – Housing** **Assistant Director – Culture and Regeneration**

Environment Contract Sustainability. **Contract for the provision of arboricultural services:** Contractor performance issues have had a significant impact on the delivery of the contract and consequently changes to service delivery have been agreed by the Executive (ES20282).	A historic backlog of works has been removed from the contract and has been tendered through a Neutral Vendor Framework, with three additional contractors appointed to do defined packages of work for a fixed price. (*As at 15 October 2024, over 92% of these works have been completed; the remaining works are delayed because of external factors outside of the contractors control such as awaiting UKPN action to enable tree works to proceed.)* The Council has undertaken a tender for the procurement of additional contractors to supplement the supply chain on a permanent basis. *(Completed)* The Corrective Action Plan process is being used to manage performance *(due to conclude by 30 November 2024)*. Issues with the accuracy of data submitted in relation to emergency call outs have been identified and are being addressed through the contract governance arrangements, with changes to the way this data is collected and reported implemented. *(Completed)* Concerns about the percentage of works inspected identified as Service Failures have been raised through contract meetings with investigations by both the contractor and Council underway to identify changes to reduce instances. The number of Service Failures being raised monthly has reduced and we are working with the Contractor to close unresolved Service Failures. *(Any Service Failures not addressed by the end of November 2024 will be removed and placed with an alternative supplier for completion.)*	**Director of Environment and Public Protection** **Assistant Director – Carbon Management and Greenspace**

Contract for the provision of Highways Management Backlog of highways works.	Between May – August 2023 a second contractor was employed to assist in clearing the backlog of works. *(Completed)* Weekly meetings are being held with the contractor in an effort to expedite outstanding works and clear the backlog. Following recent negotiations, the main contractor committed to meet the KPI requirements and complete the overall backlog. *(Completed)*	**Assistant Director - Highways**

3. What is Corporate Governance?

3.1 Definition

The CIPFA International Framework 'Good Governance in the Public Sector' defines governance as:-

> *'The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'*

It also states that:-

> *'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'*
>
> *'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'*

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

Bromley Council recognises that:

► Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users.

- Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk.

- All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

- Governance processes should be both efficient and effective.

3.2 The Principles

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
How we do this
• Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
• Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one's office
• Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively
• Adherence to ethical values and respect for the rule of law
• Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities

Principle B – Ensuring openness and comprehensive stakeholder engagement
How we do this
• Ensuring transparency of decisions supported by an effective scrutiny and challenge process
• Consulting with residents during the budget setting process for 2024/25 and beyond
• Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
• Ensuring a clear, evidence based, decision making path

Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits
How we do this
• Having a clear vision and strategy, with key partner organisations through 'Making Bromley Even Better', the delivery of which is monitored through Portfolio Plans
• Delivering defined, sustainable outcomes within the limits of resources and authority

• Balancing competing demands with finite resources when determining priorities; managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources
• Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation's vision and short term factors such as financial constraints

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes
How we do this
• Having a clear vision and strategy setting out our intended outcomes for citizens and service users
• Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
• Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals
How we do this
• Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
• Ensuring that individuals have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
• Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
• Supporting the workforce to maintain their health and wellbeing

Principle F – Managing risks and performance through robust internal control and strong public financial management
How we do this
• Regular review of Corporate and Departmental Risks and Risk Registers

• Integration of effective risk management arrangements into the decision making process
• Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
• Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
• Having an effective Audit and Risk Management Committee whose remit incorporates fraud prevention, and internal and external audit

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability
How we do this
• Publishing information on our activities and decisions including publication of our Contracts Register
• Maintaining a rigorous, effective and transparent decision making and scrutiny process
• Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
• Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
• Maintaining an effective internal and external audit service, with direct access to Members

4. The Council: How it Works

This Annual Governance Statement covers the period 1st April 2023 to 31st March 2024, but it should remain up to date until the accounts are approved and audited.

In the 2023/24 Council year the Council was made up of 58 Councillors. The decision making structure is divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which, in 2023/24 included the Leader and seven Councillors with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee, the General Purposes and Licensing Committee, the Audit and Risk Management Committee, the Pensions Committee and the Standards Committee.

The established decision making structure is depicted overleaf:

Figure 1 – Council

Decision making structure 2023/24

Full Council

58 Members)

Regulatory Committees

- Appointment/ Disciplinary/ Remuneration Panels
- Audit and Risk Management Committee
- Development Control Committee
- General Purposes and Licensing Committee
- Pensions Committee
- Standing Advisory Council on Religious Education
- Standards Committee
- Urgency Committee
- Industrial Relations Sub Committee
- Licensing Sub Committee
- Local Joint Consultative Committee
- Plans Sub Committees 1-4
- Rights of Way Sub Committee

Executive

- Adult Care and Health Portfolio
- Children, Education and Families Portfolio
- Public Protection and Enforcement Portfolio
- Renewal, Recreation and Housing Portfolio
- Resources, Commissioning and Contracts Management Portfolio
- Environment Portfolio
- Transport, Highways and Road Safety Portfolio

Executive Boards and Working Groups

- Foster Panel
- Health and Wellbeing Board
- Partnership Boards

Policy, Development and Scrutiny Committees

- Executive, Resources and Contracts PDS
- Adult Care and Health PDS
- Children, Education and Families PDS
- Environment and Community Services PDS
- Public Protection and Enforcement PDS
- Renewal, Recreation and Housing PDS
- Health Scrutiny Sub Committee

5. The Procurement process

In 2023/2024, procurement practice and process continued to be led through the Corporate Procurement Team working in accordance with the LBB Contract Procedure Rules and the Public Contracts Regulations 2015.

The key governance arrangements in place continue to include:

- All procurement over £5k must be conducted in consultation with the Corporate Procurement Team;
- Member decision on proceeding to procurement and contract award for all procurements with a whole life value of £500k or higher;
- Member decision on formal extension options, extensions beyond term, variation (modifications) and exemptions at £100k or higher, including reporting to Audit and Risk Management Committee for anything £50k or higher;
- All procurement decisions at both Member and Officer authority to be supported by a formal Gateway paper;
- Annual monitoring reports to Members for all contracts with a whole life value of £500k or higher;
- Quarterly Contract Register report to Executive, Resources and Contracts (ER&C) Policy, Development and Scrutiny (ER&C) Committee on all contracts over £200k and to each PDS for contracts over £50k; including commentary on the status of the contract from the Contract Owner and additional commentary and RAG rating from the Corporate Procurement Team;
- Regular reports to Chief Officers Executive (COE) and Corporate Leadership Team on the status of all contracts due to end within the next twelve months with commentary from Corporate Procurement;
- Procurement Board led by Corporate Procurement to review and advise on key contracts in advance of seeking decisions on procurement actions;
- Regular training on Commissioning and Procurement available to all Officers;
- Quarterly meetings for all Contract Owners to provide news, guidance, advice and support.

The Procurement Act 2023 was finalised in late 2023 and is due to 'go live' in February 2025. This will replace the Public Contracts Regulations 2015 and introduces several new requirements including a substantial increase in the number of formal Notices required when undertaking a procurement project. In addition, new procurement legislation was introduced in January 2024 – the NHS Provider Selection Regime. This legislation is separate to the Procurement Act 2023 and covers Health Services. The introduction of two new sets of procurement legislation necessitates a review and update of the Contract Procedure Rules which is planned for 2024. This will also be an opportunity to review and update the supporting governance arrangements for procurement decisions which have been unchanged for several years. During the transition period, the Corporate Procurement team will review and update the Contract Procedure Rules and other relevant processes and procedures to ensure compliance with the new legislation. Changes are expected to be primarily technical in nature. Communication and training will be implemented to support any changes.

6. Outcomes and Value for Money

6.1 Making Bromley Even Better

Bromley Council's partner agencies formally signed up to work together with the Council to deliver a new Corporate Strategy – 'Making Bromley Even Better' in October 2021. Hundreds of organisations, councillors and residents contributed to the strategy which outlines five main ambitions for Bromley over the next ten years with the shared vision of making the Borough: 'A fantastic place to live and work, where everyone can lead healthy, safe and independent lives'. The Medium Term Financial Strategy will enable the delivery of the Corporate Strategy as a 'golden thread' that runs through all plans such as those that support Portfolios with teams and individuals reflecting the ambitions throughout their work.

'Making Bromley Even Better' has five overarching ambitions:

1. For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
2. For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
3. For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
4. For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
5. To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

Working individually and in partnership we share responsibility for improving outcomes in the Borough. Agencies in our partnerships commission and provide many of the services which matter to residents and businesses in Bromley. We are convinced that by aligning ambitions and by strengthening our collaboration, we will succeed in making Bromley an even better Borough. It is crucial to have a sense of shared direction and a course to navigate for the future, no ten-year plan can ever be set in stone. Therefore we will monitor progress regularly and develop our plan as circumstances, demand and legislative changes require.

Underpinned by our shared organisational culture and values of Respect, Empowerment, Ambition, Leadership (REAL), the Council works to meet the needs and expectations of residents through enabling self-sufficiency, sustainable core services and improving outcomes for residents at the earliest point of need within a responsible financial envelope.

As a learning organisation we continue to reflect on "best practice" models of change and transformation. We are committed to adopting favourable solutions that are tried and tested.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley's achievements over the past year and plans for the future are reported in the Leader's Foreword and Statement of Accounts.

6.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder's aims in the current year and the supporting performance targets, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the Members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned to the priorities identified in Making Bromley Even Better. In addition, the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community's needs, agree priorities and encourage commissioners to work in a more joined up way.

Adult Care and Health Portfolio Plan 2023/24

Children, Education and Families Portfolio Plan 2023/24

Housing, Planning and Regeneration Portfolio Plan 2023/24 (Strategic Project Tracker, including Q1 update)

Housing, Planning and Regeneration Portfolio Plan 2023/24 (Operational KPIs, including Q1 update)

Environment and Community Services Portfolio Plan 2023/24

Public Protection and Enforcement Portfolio Plan 2023/24

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update Covering Report (November 2023)

Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update (November 2023)

Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update Covering Report (March 2024)

Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update (March 2024)

Housing, Planning and Regeneration Portfolio Plan 2023/24 - Quarter Three Update Covering Report (January 2024)

Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2023/24 - Quarter Three Update (January 2024)

Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators 2023/24 - Quarter Three Update (January 2024)

Environment and Community Services Performance Overview 2023/24 - January 2024 Update Covering Report (March 2024)

Environment and Community Services Performance Overview 2023/24 - January 2024 Update (March 2024)

Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update Covering Report (March 2024)

Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update (March 2024)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

In relation to the Council's Statement of Accounts for 2019/20, draft accounts were published on 30th June 2020, with the external audit starting during August 2020. Whilst good progress was made in most areas, there were delays in the provision of information to Ernst Young (EY) and in responding to auditor queries. Some delays occurred due to the Coronavirus pandemic, with officers working off site and documentation not being readily accessible in an electronic format (in some cases paper documents and records required bulk scanning). Most significantly, the audit revealed a number of errors in asset valuations carried out by the previous valuation which impacted on the Council's accounting treatment of fixed assets. These required significant work by property officers to rectify core valuation information and owing to this and other outstanding matters completion of the audit was delayed to 2023. The external auditor produced an updated Audit Results report which was considered by the Audit and Risk Management Committee on 8th March 2023. This report stated that the audit was 'substantially completed', though some matters remain outstanding. The annual audit letter for 2019/20 was issued in October 2023 which provided an unqualified opinion.

On the 8th February 2024, the Department for Levelling Up, Housing and Communities (DLUHC) released a consultation on proposed changes to address the significant backlog of local authority audits across England. As a result of this EY have focused their resources on value for money reporting requirements for 2020/21, 2021/22 and 2022/23 and planning for the 2023/24 audit and are expecting to issue a disclaimed opinion on the 2020/21 to 2022/23 accounts, and have emphasised that this is a result of the national initiative and does not reflect any specific concerns around the Council's financial position.

CIPFA Financial Management Code
The Council's financial management arrangements conform with good governance. An assessment was previously undertaken against compliance with the CIPFA Financial Management Code. The Council is complying with all of the requirements but there will be ongoing consideration to ensure that the Council retains the level of assurance with each standard contained within the code.

Value For Money (VFM) Conclusion
The Council's external auditor was unable to issue a VFM conclusion for 2018/19 or 2019/20 during 2023/24 owing to outstanding objections. As a result of the objections the audit could not be formally concluded and an audit certificate issued. EY issued their provisional view on the 2018/19 objection in October 2023 and reported to the Audit and Risk Management Committee in March 2024 that this was now nearly concluded. An interim VFM report to cover 1 April 2020 – 31 March 2023 was brought to June 2024 Audit and Risk Management Committee. (In July 2024, EY concluded on the objection for 2018/19 and issued the audit certificates for 2018/19 and 2019/20 in September 2024.)

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 17th January 2024 with the approach on using reserves and other key financial matters reported to Executive on 7th February 2024. Forward financial planning and financial management is a key strength at Bromley. These reports continue to forecast the financial prospects for the next 4 years and include the outcome of the Local Government Finance Settlement 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. The continuation of a one year financial settlement from Government continues to create a higher level of uncertainty for the financial forecasting in future years.

Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28

2024/25 Council Tax

Counter Fraud Arrangements
Ensuring that effective arrangements for counter fraud are in place is important to protect the Council's resources so that all funds are used to deliver the best possible outcomes for our residents. Through data from across the public sector, we know that fraud risks increased during the pandemic and continue to increase as the cost of living rises.

Our Counter Fraud and Corruption Strategy, approved by Audit and Risk Management Committee in 2022, contains prevention and detection as key strands of counter fraud work and consequently the fraud team has increased their focus on these areas in 2023/24. The fraud team has undertaken two specific pro active counter fraud pieces of work in high risk areas and has provided fraud awareness training in Adult Social Care. These exercises have led to some recoveries, referrals and fraud investigations, demonstrating that there is an ongoing need for pro active work. To further strengthen counter fraud in the Council, there is a need to develop robust counter fraud risk assessments and counter fraud training that all officers can access. These will be priorities going forward into the next financial year.

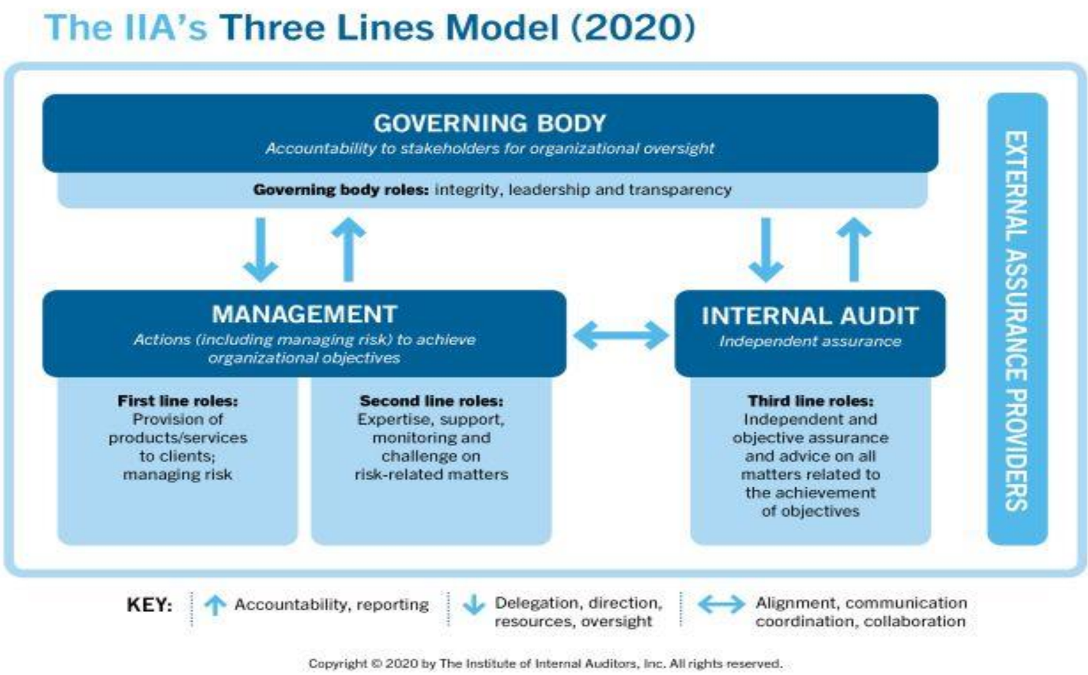
7. How do we know our arrangements are working?

7.1 The Role of Management

The 'three lines' of assurance model, as detailed below, provides a simple framework for understanding the roles and responsibilities in the overall risk management and internal control processes of an organisation.

- ► First line – operational management controls
- ► Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ► Third line – independent assurance

Figure 2 – 3 Lines Model



The senior officer forum is the Chief Officers Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children, Education and Families
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services and Governance
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources, Customer Services and Public Affairs

The purpose of the Chief Officers Executive (COE) is:

► High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation

► Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and reviews the Council's Forward Plan on a regular basis to ensure smooth and timely decision making

► Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment

► Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT

► Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

As part of developing this Annual Governance Statement, each Chief Officer has completed an assurance statement (set out in 7.4) confirming the effectiveness of governance arrangements in their department and identifying any improvement actions. Significant actions are set out in Section 2.

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

Functions within the Council which have a role to play in 'second line' assurance include Procurement, Customer Engagement and Complains, Health and Safety, Information Technology, Legal Services, Safeguarding (Adults and Children) and Performance Reporting and Reviews. Lead officers for these functions have also completed an assurance statement as part of this review.

Member oversight is also key. The Standards Committee of 20th February 2024 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standards issues including an update to the Procedure for the consideration of Code of Conduct (Standards) complaints against elected Councillors.

Monitoring Officer's General Report 20th February 2024

The Council's Constitution requires that a report is made each year to full Council which summarises work carried out by Policy Development and Scrutiny (PDS) Committees. This report was considered by the Executive, Resources and Contracts PDS Committee on 25th March 2024 and was presented to full Council on 15th July 2024.

Policy, Development and Scrutiny Annual Report 2023/24

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

7.2 The Role of the Audit and Risk Management Committee

For 2023/24, the Council appointed an Audit and Risk Management Committee which considers internal and external audit, risk management and fraud. It meets three times a year and reports directly to full Council. For the 2023/24 municipal year, following a recruitment process, two independent Members were appointed to the Committee for the first time.

Audit and Risk Management Committee Meetings (Agendas, Papers, Minutes)

The Audit and Risk Management Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control.

7.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

	Policy/Process
A	Annual Audit Letter
	Annual Governance Statement
	Anti-Bribery Policy
	Anti-Money Laundering Policy
	Audit and Risk Management Committee
C	Capital Strategy
	Code of Conduct for Members
	Complaints System
	Constitution
	Contract Procedure Rules/Standing Orders
	Corporate Induction Process
	Corporate Leadership Team
	Corporate Operating Principles
	Counter Fraud and Corruption Strategy
	Customer Access Channel Strategy
	Customer Services Charter
D	DISCUSS Appraisal Scheme
E	Executive and Resources PDS Committee Annual Report
F	Financial Regulations
	Financial Strategy
	Forward Plan of Key Decisions
G	‘Getting it Right’ – Complaints, Compliments and Suggestions
	Gifts and Hospitality Code of Conduct
H	Head of Audit and Assurance
	Head of Paid Service
I	Internal and External Audit Reports
	Internal Audit Opinion and Annual Report
	Internal Controls
	IT Governance
L	Leader’s Foreword and Statement of Accounts
	Learning and Development
	Local Development Framework
M	Making Bromley Even Better
	Member/Officer Protocol
	Monitoring Officer (Director of Corporate Services and Governance)
P	Portfolio Plans
	Public Consultations/Meetings
R	‘Raising Concerns’ whistle blowing
	Register of Interests
	Risk Management Strategy
S	Scheme of Delegation
	Section 151 Officer (Director of Finance)
	Statement of Accounts
T	Treasury Management Strategy

7.4 Annual Governance Assurance Statement

Each member of the COE has confirmed that:

'In meeting my responsibilities above, I have:

- Contributed to the review of Risk Registers and the outcomes
- Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- The service is planned and managed in accordance with the Council's Corporate Operating Principles
- Business risks are identified, assessed and reported on a regular basis
- Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- Business Continuity Plans are maintained and reviewed as circumstances change
- There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed'.

7.5 External Inspections/Peer Reviews

Local Government & Social Care Ombudsman

The Council received the annual Local Government & Social Care Ombudsman letter for the year ending 31st March 2023, which summarised Ombudsman complaints/enquiries received, and the decisions made about, the London Borough of Bromley.

With a commitment to an ethos of continuous improvement and using feedback from a variety of sources to learn, understand and take action to improve services; we continue to place our focus on the outcomes of complaints and what can be learned from them. Quarterly complaints reports are discussed at COE and CLT.

Within the Annual Letter, the Ombudsman acknowledged that the Council had implemented its recommendations in 28 separate cases. Whilst also acknowledging the pressures that Councils are under, the Ombudsman noted timeliness of response and recommendation delivery as the overall theme for improvement.

[Local Government and Social Care Ombudsman Annual Review Letter 2023 (19th July 2023)]

Ofsted Inspection of Children's Services

In November 2023, Ofsted inspectors undertook a one week 'Inspecting Local Authority Children's Services' (ILACS) inspection of children's social care services in Bromley. The inspectors reviewed the effectiveness of services for children in need of help and protection, children in care and care leavers. They also judged the impact of leaders on social work practice with children and families and evaluated the overall effectiveness of children's services in Bromley. A judgement of 'Outstanding' was received in all areas.

The previous inspection of Children's services was undertaken in November 2018 and provided an overall grade of 'Good' with 'Outstanding' leadership. This outcome was, in itself, a significant achievement given the judgement of "Inadequate" which had been received in 2016.

On this basis, the current judgement of 'Outstanding' in all areas allows LB Bromley to have completed the improvement journey over the past seven years.

[Ofsted Inspection of Children's Services (13th to 17th November 2023) Report]

Ofsted Inspection of Community Vision Nursery

In October 2023, Ofsted undertook a routine inspection of the Community Vision Nursery (Early Years). All five categories reviewed, together with 'Overall Effectiveness' were awarded a judgement of 'Good'.

[Ofsted Inspection of Community Vision Nursery (Early Years), 9th October 2023]

7.6 The Role of Internal Audit

Internal Audit is a key component of Corporate Governance within the Council. As required by the Accounts and Audit Regulations 2015, the Council must ensure an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Through its risk-based approach to work, Internal Audit provides independent and objective assurance to the Council's Audit and Risk Management Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include to:

- Facilitate the Council's achievement of its core purpose and its objectives as set out in 'Making Bromley Even Better' and other supporting strategies
- Enhance the effectiveness of governance, risk management and control throughout the Council
- Make an effective contribution towards the ethical governance and culture of the Council, including the counter fraud culture and framework

Internal Audit's purpose, authority and responsibility are formally defined in the Internal Audit Charter, which is periodically reviewed and presented to Chief Officers Executive and the Audit and Risk Management Committee for approval. The latest updates to the Charter were approved by the Audit and Risk Management Committee on 28th March 2024.

7.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

Each year, the Head of Audit & Assurance is required to provide an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. This opinion should be considered alongside the Annual Governance Statement as it provides assurance to those reviewing and approving the AGS.

The overall opinion is primarily based on the finalised audits from the 2023/24 Internal Audit Plan. However, it also takes into account:

- ► Follow up of recommendations
- ► Counter fraud work and other investigations throughout the year
- ► Ad-hoc advisory work
- ► Informal audit observations of the organisation, for example through attendance at Corporate Leadership Team, Corporate Risk Management Group and other forums
- ► External professional assurance, in particular the Ofsted inspection of Children's Social Care

The overall opinion for 2023/24 is that Internal Audit can provide 'reasonable' assurance that there is an adequate and effective framework of governance, risk management and control within the Council, designed to meet the organisation's objectives. Reasonable assurance is defined as **'**generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk.'

The Head of Internal Audit's Annual report (Audit and Risk Management Committee June 2024) provides details of exceptions and provides further context. Where weaknesses are identified, Internal Audit raises recommendations and these are tracked and reported to Audit and Risk Management Committee until implemented or discharged.

8. Our Strategic Risks

Risk management is an important element of the system of internal control at Bromley Council.   It is based on a process designed to identify, prioritise and control the risks to achieving Bromley's policies, aims and objectives. The Risk Management Strategy is currently under review and will be finalised in the 2024/25 financial year. This review takes into account public sector best practice guidance and learning from governance failures elsewhere and aims to ensure that the strategy is adequate for the current risk environment.

The Corporate Risk Register is a key document in the Council's approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the 'Making Bromley Even Better' vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officer Executive as a collective owns the Corporate Risk Register. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council's approach to risk management and ensures that effective risk management processes are fully embedded.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit & Assurance in its membership, oversees the Council's risk management arrangements.

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit and Risk Management Committee.

During 2023/24, the Corporate Risk Management Group met on four occasions. In addition to its usual programme of scrutiny in May and September 2023 and January 2024, a further meeting was convened in December 2023 to review and peer challenge the Departmental Risk Registers.

Risk Registers remained live documents throughout the year, and the Corporate Risk Register was presented to COE and CLT for review on three occasions. Audit and Risk Management Committee received the refreshed Corporate Risk Register at their meetings of July and November 2023. The Departmental Risk Registers were presented by way of Heat Maps. Each relevant PDS Committee had the opportunity to scrutinise the Departmental Risk Register falling within its remit.

In order to ensure a greater degree of oversight and assurance over the highest risks, Audit and Risk Management Committee also now receives separate commentary from the risk owner on all corporate risks with a net 'High' rating.

The published Corporate Risk Register can be viewed via following the link:-

Corporate Risk Register

9. Looking Back on 2022/23

Governance Issue	Action	Progress
Finance A balanced budget for 2023/24 has been achieved through the Transformation Savings Programme, an improved financial settlement including redesignation of funding set aside for Adult Social Care reforms and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. There remains a "budget gap" of £1.7m in 2024/25 rising to £29.6m per annum in 2026/27. There is also an estimated increase in the Dedicated Schools Grant of £10.9m per annum by 2026/27, compared with 2022/23. The projections assume mitigation and transformation savings of £28.2m in 2023/24 rising to £59.5m by 2026/27. The financial forecast is currently being updated to reflect inflation remaining high and further cost pressures being identified. The projections from 2025/26 have to be treated with some caution, particularly as the Government's next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27. There has been a significant review of the Council's capital programme funding shortfall to address the impact of the Operational Property Review and the need to address an inherent capital funding shortfall. This has resulted to a significant property disposals programme combined with borrowing to fund housing	In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in: Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27 Further details of the updated capital funding strategy can be found in: Capital Strategy 2023/24 to 2026/27	A balanced budget for 2023/24 had been achieved through the Transformation Savings Programme, drawing of reserves, an improved financial settlement including redesignation of funding set aside for Adult Social Care reforms and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. As detailed within Section 2 above there is a budget gap for future years. There is also an annual Dedicated Schools Grant deficit for the period 2024/25 to 2027/28, with the Government's statutory override still in place. There is very limited funding available for future capital schemes without consideration of borrowing and each proposal will be considered as part of a business case including funding available. There were significant additional cost pressures experienced during 2023/24 particularly relating to children's social care and housing with impact also on education and adult social care. Full details were included in the Financial Monitoring 2023/24 report to Executive in March 2024. Budget Monitoring 2023/24 These additional cost pressures were reflected in the 2024/25 Budget and need to be monitored closely, particularly given the full year impact in future years.

schemes in order to address the potential funding shortfall.		
Statement of Accounts The Council's statement of accounts for the period 2019/20 onwards remain incomplete owing to considerable delays largely caused by issues concerning the valuation of the Council's Fixed Assets. Consequently, whilst the 2019/20 accounts are currently being finalised, production of the draft accounts for 2020/21, 2021/22 and 2022/23 have been delayed beyond the statutory publication dates.	The Council has implemented a timetable to address the backlog of work required to produce draft accounts for the respective financial years. This includes the deployment of additional resources in the closing team and advance work taking place to ensure that asset valuations are properly supported.	The Council has deployed additional resources in the closing team and is working closely with the external valuers to ensure that future years' accounts are published by the statutory deadline.

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issues defined on page 3 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

Chief Executive

Date 25.10.24

Signed

Leader of the Council

Date 25.10.24

Appendix 1 – Links to Documents

Page 2	**Making Bromley Even Better**
https://www.bromley.gov.uk/downloads/download/142/making-bromley-even-better-corporate-strategy-london-borough-of-bromley-even-better-corporate-strategy-london-borough-of-bromley	
Page 3	**Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28**
https://cds.bromley.gov.uk/documents/s50112929/Budget%20report%202024%2025%201.pdfudget%20report%202024%2025%201.pdf	
Page 3	**Capital Strategy 2024/25 to 2027/28**
https://cds.bromley.gov.uk/documents/s50113893/Executive%20-%20Capital%20Strategy%20Report.pdf	
Page 15	**Adult Care and Health Portfolio Plan 2023/24**
https://cds. ley.gov.uk/documents/s50105961/Appendix%202%20-%20ACH%20Portfolio%20Plan%202023-24%20-%20June%2023.pdfbrom	
Page 15	**Children, Education and Families Portfolio Plan 2023/24**
https://cds.bromley.gov.uk/documents/s50105467/App.%202%20-%20Refreshed%20Plan.pdf	
Page 15	**Housing, Planning and Regeneration Portfolio Plan 2023/24 (Strategic Project Tracker, including Q1 update)**
https://cds.bromley.gov.uk/documents/s50108620/App.%201%20-%20Strategic%20Project%20Tracker.pdf	
Page 16	**Housing, Planning and Regeneration Portfolio Plan 2023/24 (Operational KPIs, including Q1 update)**
https://cds.bromley.gov.uk/documents/s50108621/App.%202%20-%20HPR%20Operational%20KPIs.pdf	
Page 16	**Environment and Community Services Portfolio Plan 2023/24**

https://cds.bromley.gov.uk/documents/s50103839/ECS%20Portfolio%20Plan%20Appendix%201%20FINAL%20VERSION.pdf	
Page 16	**Public Protection and Enforcement Portfolio Plan 2023/24**
https://cds.bromley.gov.uk/documents/s50104173/PPE%20Draft%20Portfolio%20Plan%20Appendix.pdf	
Page 16	**Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update Covering Report (November 2023)**
https://cds.bromley.gov.uk/documents/s50111951/ACH23-048%20ACH%20Portfolio%20Plan%20Half%20Yearly%20Update%20-%20ACH%20PDS%2021.11.23.pdf	
Page 16	**Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update (November 2023)**
https://cds.bromley.gov.uk/documents/s50111952/Appendix%201%20-%20ACH%20Portfolio%20Plan%202023-24%20-%20Q2%20update.pdf	
Page 16	**Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update Covering Report (March 2024)**
https://cds.bromley.gov.uk/documents/s50114372/Children%20Education%20and%20Families%20Portfolio%20Plan%20-%20202324%20Q3%20Update.pdf	
Page 16	**Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update (March 2024)**
https://cds.bromley.gov.uk/documents/s50114373/App.%201%20-%20Children%20Education%20and%20Families%20Portfolio%20Plan.pdf	
Page 16	**Housing, Planning and Regeneration Portfolio Plan 2023/24 - Quarter Three Update Covering Report (January 2024)**
https://cds.bromley.gov.uk/documents/s50113205/HPR%20Portfolio%20Plan%20Update%20-%20202324%20Q3%20Update.pdf	
Page 16	**Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2023/24 – Quarter Three Update (January 2024)**

https://cds.bromley.gov.uk/documents/s50113212/App.%20A%20-%20Strategic%20Project%20Tracker.pdf	
Page 16	**Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators2023/24 – Quarter Three Update (January 2024)**
https://cds.bromley.gov.uk/documents/s50113213/App.%20B%20-%20HPR%20Operational%20KPIs.pdf	
Page 16	**Environment and Community Services Performance Overview 2023/24 – January 2024 Update Covering Report (March 2024)**
https://cds.bromley.gov.uk/documents/s50114028/ECS%20Performance%20Overview.pdf	
Page 16	**Environment and Community Services Performance Overview 2023/24 - January 2024 Update (March 2024)**
https://cds.bromley.gov.uk/documents/s50114202/ECS%20Performance%20Overview%20Information%20Item.%20March%2024.pdf	
Page 16	**Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update Covering Report (March 2024)**
https://cds.bromley.gov.uk/documents/s50114203/PPE%20PO%20Appendix%20for%20March.pdf	
Page 16	**Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update (March 2024)**
https://cds.bromley.gov.uk/documents/s50113979/PPE%20Performance%20Overview.pdf	
Page 17	**Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28**
https://cds.bromley.gov.uk/documents/s50112929/Budget%20report%202024%2025%201.pdf	
Page 17	**2024/25 Council Tax**
https://cds.bromley.gov.uk/documents/s50113320/CT%20Budget%20report%202425%20NEW%20Combined.pdf	

Page 19	**Monitoring Officer's General Report 20th February 2024**
https://cds.bromley.gov.uk/documents/s50113608/Monitoring%20Officer%20Report%20February%202024.pdf	
Page 19	**Policy, Development and Scrutiny Annual Report 2023/24**
https://cds.bromley.gov.uk/documents/s50114682/Annual%20Scrutiny%20Report%202023-2024.pdf	
Page 20	**Audit and Risk Management Committee Meetings (Agendas, Papers, Minutes)**
http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0	
Page 23	**Local Government and Social Care Ombudsman Annual Review Letter 2023 (19th July 2023)**
https://www.lgo.org.uk/documents/councilperformance/2023/london%20borough%20of%20bromley.pdf	
Page 23	**Ofsted Inspection of Children's Services (13th to 17th November 2023) Report**
https://files.ofsted.gov.uk/v1/file/50237004	
Page 23	**Ofsted Inspection of Community Vision Nursery (Early Years), 9th October 2023**
https://files.ofsted.gov.uk/v1/file/50234600	
Page 25	**Corporate Risk Register**
https://www.bromley.gov.uk/downloads/download/145/corporate-risk-register-crr	
Page 26	**Draft 2023/24 Budget and Update on Council's Financial Strategy 2025/26 to 2026/27**
https://cds.bromley.gov.uk/documents/s50102579/DRAFT%20BUDGET%20202324%20updated%20Appendix%2013.01.23.pdf	
Page 26	**Capital Strategy 2023/24 to 2026/27**
https://cds.bromley.gov.uk/documents/s50103134/Capital%20Strategy%20202324%20to%20202627%20and%20Q3%20Capital%20Programme%20Monitoring.pdf	

Page 26	Budget Monitoring 2023/24
https://cds.bromley.gov.uk/documents/s50114816/Budget%20Monitoring%20Report%20December%20202324doc.pdf	

GLOSSARY OF TERMS

Accounting Policies
The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary
An independent consultant who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses
Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

Agent is where the Council is acting as an intermediary.

Balance Sheet
A statement showing the position of the Council's assets and liabilities as at 31st March in each year.

Billing Authority
A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its areas. Bromley is a billing authority.

Budget
A forecast of the Council's planned expenditure. The level of the council tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Adjustment Account
This reserve includes amounts set aside from either revenue resources or capital receipts to fund the acquisition of fixed assets.

Capital Charges
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt
The proceeds from the sale of a fixed asset.

Carrying amount
Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Change in Accounting Estimate
Is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

Collection Fund

Statutory account showing transactions in relation to collection of Council Tax, administration of National Non-Domestic Rates and contributions made to the General Fund of Bromley Council and the GLA.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax

A local charge (or charges set by the council and the GLA) in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge (poll tax) on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Support

The Council operates a national council tax benefit scheme which supports pensioners and working age people on low incomes to pay their council tax.

Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Asset

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

Current Expenditure

A general term for the direct running costs of local authority services, including employee costs and running expenses.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Current Service Cost

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

Debtors

Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

Deferred Capital Receipts

These result mainly from loans to Housing Associations plus outstanding loans in respect of past sales of Council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long-term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

Demand on the Collection Fund

Represents the amount calculated by the council or the GLA to be transferable from the council's collection fund to its general fund.

Depreciation

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves

Reserves set aside for a specific purpose or a particular service or type of expenditure.

Employee benefits

Are all forms of consideration given by an entity in exchange for service rendered by employees.

Events after the reporting period

Are those 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).

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

Fixed Assets

Tangible assets that yield benefit to the local authority and its services for a period of more than one year.

Formula Grant

The main channel of government funding which includes re-distributed Business Rates and Revenue Support Grant. There are no restrictions on what local authorities can spend it on.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Greater London Authority
A strategic authority for London created on 3rd July 2000.

Historical Cost
Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Housing Benefit
Financial help given to local authority or private tenants whose income falls below prescribed amounts.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets
Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths, bridges and sewers.

Intangible Assets
An intangible asset is an *identifiable* non-monetary asset without physical substance. It must be *controlled* by the authority as a result of past events, and *future economic or service benefits* must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Inventories
Are assets:
a) in the form of materials or supplies to be consumed in the production process
b) in the form of materials or supplies to be consumed or distributed in the rendering of services
c) held for sale or distribution in the ordinary course of operations, or
d) in the process of production for sale or distribution.

Investment Property
Is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:
a) use in the production or supply of goods or services or for administrative purposes, or
b) sale in the ordinary course of operations.

Levies
A payment that a local authority is required to make to a particular body (a levying body) to meet London wide services. Levying bodies include the London Pensions Fund Authority, London Boroughs Grants Committee, Environment Agency and Lee Valley Regional Park.

Material
Material omissions or misstatements of items are material if they could, individually or collectively, Statement influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NNDR - National Non Domestic Rates
Non-Domestic Rates, or Business Rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced on 1 April 2013, the Council keeps a proportion of the business rates paid locally.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributable Costs

These include overheads for which no user benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

Non-Operational Assets

Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost

The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Pensions Interest Cost

The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Post-Employment Benefits

Are employee benefits (other than termination benefits) which are payable after the completion of employment.

Present Value of a Defined Benefit Obligation

Is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Provision

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

Recharges

The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

Recoverable Amount

Of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

Related Parties

Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other party; or
(ii) the parties are subject to common control from the same source; or
(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction

Is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation Reserve

This reserve records accumulated gains on fixed assets arising from periodic asset revaluations.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred that may be capitalised under statutory provisions but that does not add value to the Council's fixed assets.

Revenue Support Grant - RSG

A general grant which replaced rate support grant in 1990-91. Now distributed as part of the Formula Grant.

Ring-Fenced Grants

These grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

Sales, Fees and Charges
Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees.

Short-Term Employee Benefits
Are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

Soft Loans
Loans made at less than the prevailing rate of interest and which consequently involve subsidisation of the borrower.

Specific Grants
These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

Statutory Revenue Provision
A prudent amount charged to the revenue account to provide for the repayment of debt.

Tangible Fixed Assets
Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Tax Base
The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates entitlement to Formula Grant.

Usable Capital Receipts Reserve
This reserve records receipts from fixed asset disposals that are available to finance capital expenditure.

Useful Life
The period over which benefits will be derived from the use of a fixed asset.

VAT
Is an indirect tax levied on most business transactions and on many goods and some services.

- Input Tax is VAT charged on purchases.

- Output Tax is VAT charged in sales.