

2024/25 Statement of Accounts

These accounts are subject to audit



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NARRATIVE REPORT

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 2024/25.

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 247,885 people on the electoral roll. In 2024/25 the total number of ‘Band D equivalent’ properties were estimated at 137,490 and the number of business properties at 7,458

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 Transforming Bromley 2024-2028 Programme.

Council Structure

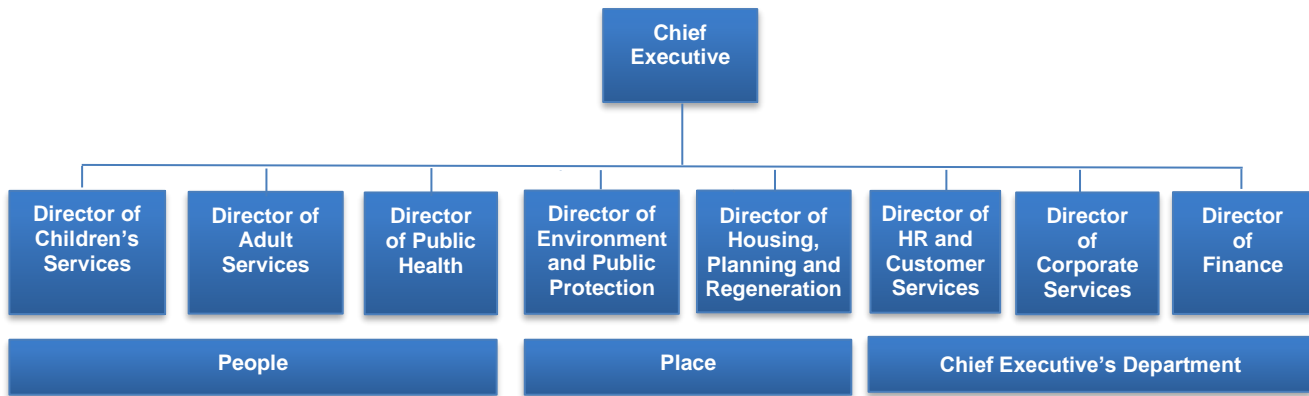
The Council has adopted a Leader and Cabinet model and has 58 Councillors representing 22 wards. There are currently 35 Conservative, 12 Labour, 5 Liberal Democrats, 3 Chislehurst Matters and 3 Independent Councillors.

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

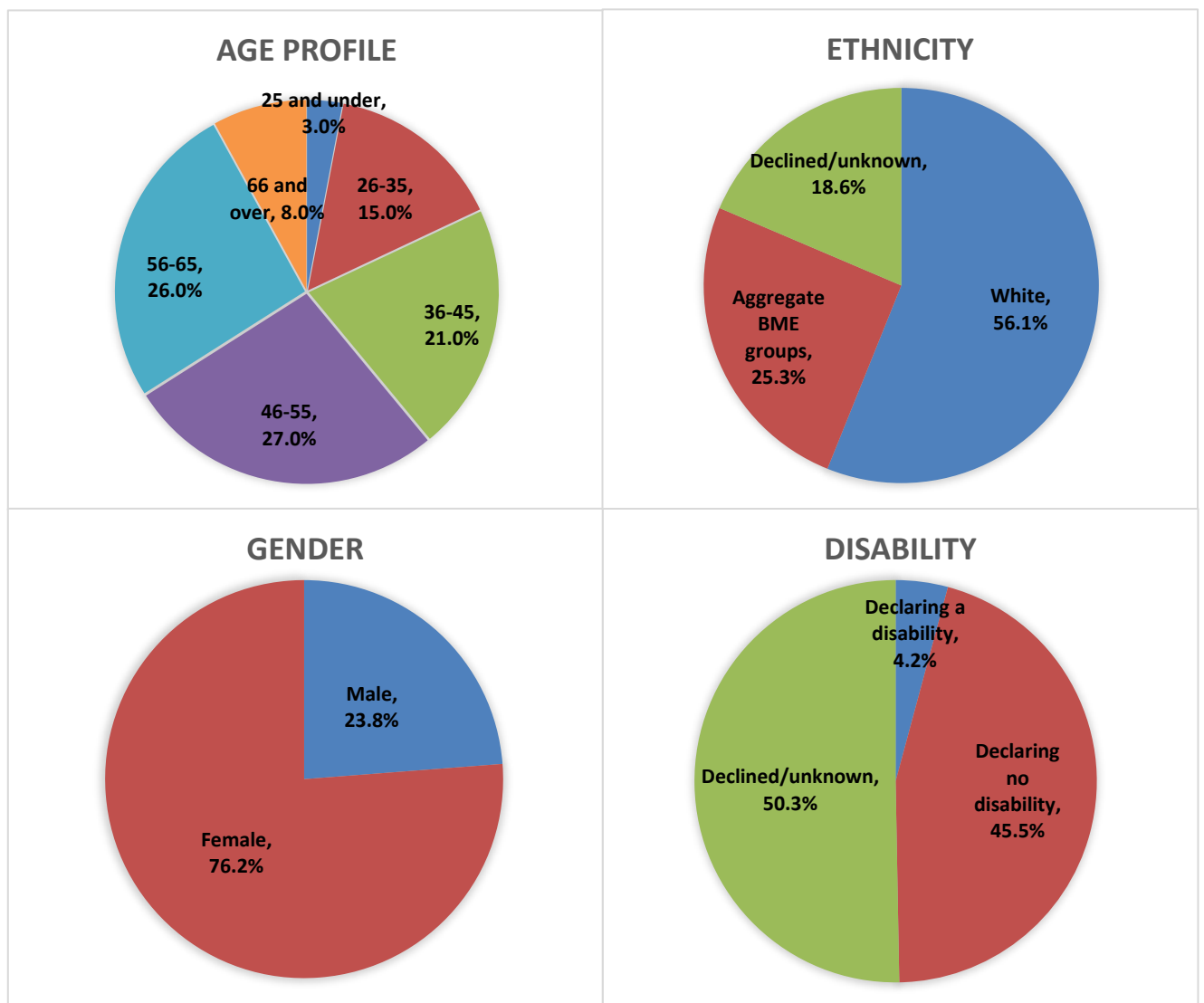
NARRATIVE REPORT

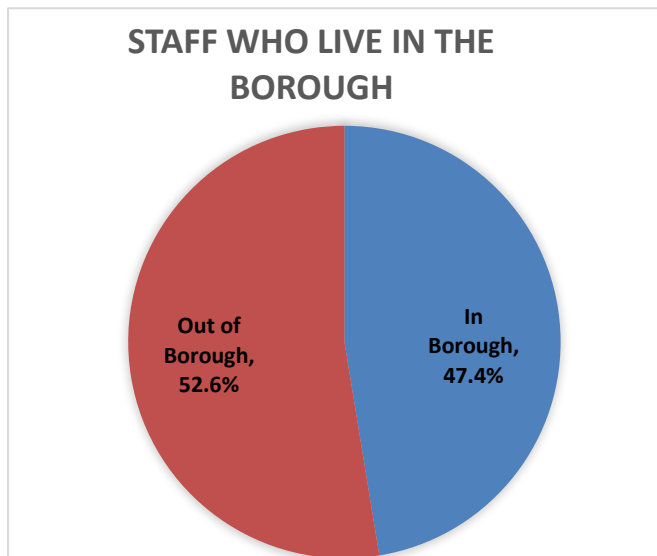


Bromley Workforce

As at 1 October 2024, the Council employed 1,675 people on full and part-time contracts equating to a full-time equivalent of 1,519.

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 2024/25 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.

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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 2024/25. The Net Asset Statement sets out the position of the Fund as at 31st March 2025. The Council’s Pension Fund is part of the Local Government Pension Scheme (LGPS).

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Financial Performance in 2024/25

Revenue Expenditure

The 2024/25 outturn position is summarised in the table below:

| | Budget £m | Actual £m | Variation £m |
|--|--------------|--------------|-----------------|
| Net expenditure | 268.217 | 285.357 | 17.140 |
| Funded by: | | | |
| - Grants, Council Tax and Business Rates | (250.899) | (254.923) | (4.024) |
| - Earmarked reserves | (16.480) | (30.434) | (13.954) |
| - Carry forwards from 2023/24 | (0.838) | - | 0.838 |
| Variation in General Reserves | - | - | - |

The 2025/26 Council Tax report identified the latest financial projections and future year budget gap due to the impact of inflation and service cost pressures. Further details were reported in the '2025/26 Council Tax' report to the Executive in February 2025.

The 2024/25 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.

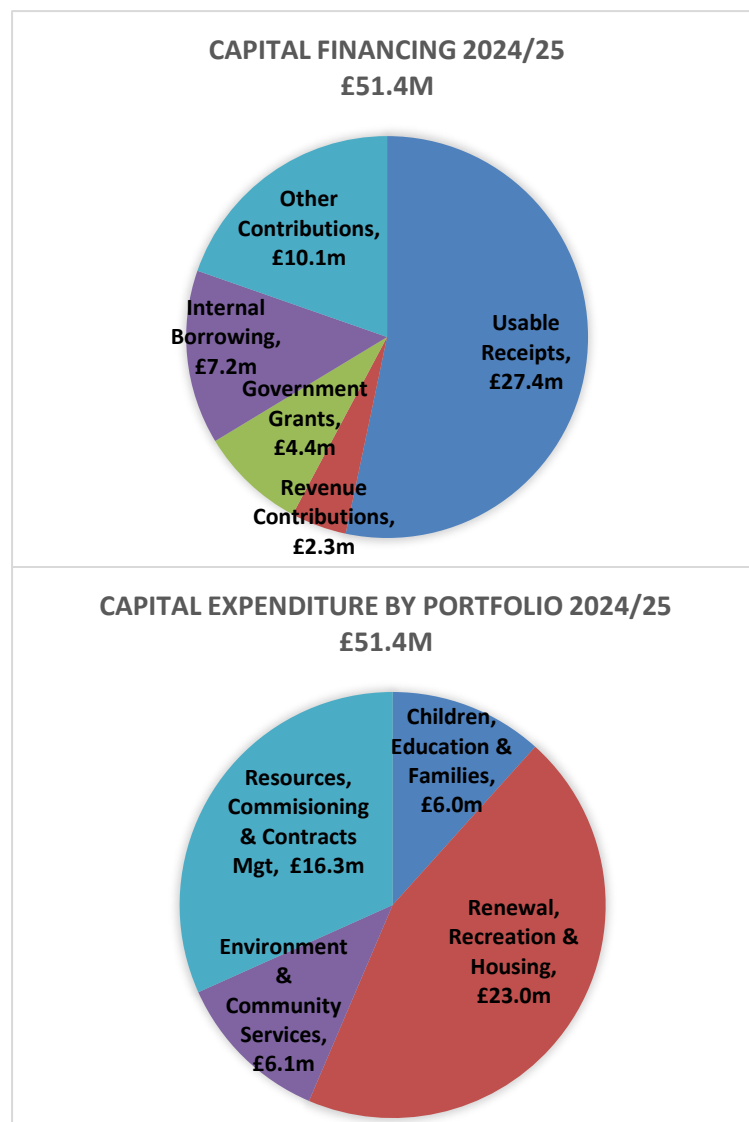
Further details of the variations in 2024/25 were reported on the 21st May 2025 and are available through: [Agenda for Executive on Wednesday 21 May 2025, 7.00 pm](#)

Capital Expenditure

Capital expenditure totalled £51.4m compared with the final approved estimate of £53.8m (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 asset and other receipts of £16.5m in 2024/25 resulting in a total capital receipts balance of £59.4m, during the year, £27.4m of receipts were applied to finance capital expenditure and the remaining balance of £32.0m that will be carried forward to finance expenditure in 2025/26 and later years.

Further information can be found in charts below and also in the Capital Programme Outturn reported on the 21st May 2025 and are available through: [Agenda for Executive on Wednesday 21 May 2025, 7.00 pm](#)



Investments

At the year end, the Council held significant investments totalling £239.4m (principal sum). These investments generated net income of £13.6m in 2024/25 to support the revenue budget. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2024/25 the net assets of the Pension Fund decreased by £42.6m (3.0%), mainly due to 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 2025, this was a Net Pension Liability of £2.0m (£2.5m as at 31st March 2024).

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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 risk appetite 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 scrutiny and development of the Risk Register.

The Council maintains a Corporate Risk Register and individual Departmental Risk Registers. 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
- IT security failure
- 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. Rising cost of placements.
- 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
- 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
- Discovery of Deleterious Materials in the construction and fit out of properties owned or occupied by the Council.

Further detail, including the cause, impact and controls in place to mitigate the risk are set out in the individual risk registers. As a result of our annual review of governance and internal control arrangements, five 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 2025/26 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 April 2025, there remains a "budget gap" of £26.6m in 2026/27 reducing slightly to £24.9m per annum in 2028/29. There is also an average annual Dedicated Schools Grant deficit of around £4m for the period 2026/27 to 2028/29, with the Government's statutory override still in place. The projections assume mitigation and transformation savings of £33.4m in 2026/27 rising to £52.5m per annum by 2028/29. 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 2026/27 have

to be treated with some caution, particularly as the Government's next Spending Review is awaited and the review of the funding system (previously known as 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 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 addressed with the 2020/21 and 2021/22 accounts published during 2023/24. The 2022/23 draft accounts were published in July 2024 and 2023/24 in October 2024. However, in concluding their audit of the 2023/24 accounts, Ernst & Young (EY) issued three written recommendations which were considered and agreed by full Council in April 2025: Finance Function Workflow, Quality Assurance Function and Finance Team Capacity.
- **Dedicated Schools Grant (DSG) deficit:** 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 £24m by the end of 2024/25. Adjusting for mitigation measures included with the Medium Term Financial Strategy, the deficit is forecast to increase by circa £5m per annum. 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 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. Bromley has a high rate of Education, Health and Care Plans (EHCPs), with growth exceeding national and London comparators. Despite high demand, Bromley average expenditure per EHCP (£1,085) is 61% lower than London (£1,755) and 55% less than national (£1,692) averages.
- **Housing/Homelessness:** The numbers of households who approached as homeless reduced slightly during the year as a result of proactive prevention and partnership work to address this. Continuing uncertainty in the housing market particularly in respect of the proposed Renters Rights Bill, meant that procuring private sector accommodation continues to be more costly and challenging. Despite procuring 175 private rented properties, the most successful procurement in recent years, this remains an insufficient solution in isolation to meet demand. There remains a substantial reliance on the provision of temporary accommodation (TA), which is increasingly volatile; with prices remaining high. Consequently, the numbers in Nightly Paid Accommodation rose last year whilst numbers in the more affordable forms of TA continue to decrease. 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; on average 80% of placements during the year were outside of borough boundaries.
- **Rising Cost of Residential Care for Children Looked After:** The cost of residential care for looked after children in the UK is a significant concern. In Bromley our children in care numbers have remained relatively stable at 47 per 10,000 (24/25). This is a slight decrease from 23/24 (48 per 10,000). Our average continues to be below the national and statistical neighbour averages and whilst our care numbers have remained stable, we are significantly

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impacted by the exponential increase in the cost of residential placements as well as the changes in need and complexity for children in care resulting in increased number of children requiring a residential provision. Over the past 5 years the cost of residential placements has increased by 50%, with costs continuing to increase on an almost weekly basis. The pressures in Bromley are also exacerbated by a shortage of local provision and multiple authorities competing for the same placements.

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 2025/26 budget and MTFS to 2028/29 was approved by Executive on 22nd January 2025 and set the framework for the Council to address the significant financial challenges not only for 2025/26 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 2025/26, published on 18th December 2024, represents a one year settlement only. The outcome of the review of the funding system (previously known as the Fair Funding Review) and Devolution of Business Rates, which could have a significant impact on future funding, are unlikely to be implemented until at least 2026/27.

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 have been realised since 2011/12. 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 2025/26, although one-of earmarked reserves of £13.3m have also been used. 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 review of the funding system which may result in new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2026/27. Financial challenges are expected to continue beyond the financial forecast period. The continuation long-term financial

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planning as part of the Medium-Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

Further Information

Further Information about the accounts is available from:

Head of Corporate Finance and Accounting
London Borough of Bromley
Civic Centre,
Churchill Court, 2 Westmoreland Rd
Bromley
BR1 1AS

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.

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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 19 to 132 give a true and fair view of the financial position of the Authority as at 31st March 2025 and of its income and expenditure for the year ended 31st March 2025.



Peter Turner
Director of Finance
30th June 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.

| 2023/24 | | | 2024/25 | | |
|---|--|---|--|--|---|
| 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 £000 | *Restated £000 | *Restated £000 | £000 | £000 | £000 |
| 95,619 | (471) | 96,091 | 84,002 | (562) | 84,564 |
| 82,351 | (1,714) | 84,066 | 90,150 | (13,813) | 103,963 |
| 42,426 | (18,692) | 61,119 | 46,154 | (8,063) | 54,217 |
| 4,191 | (47) | 4,238 | 4,457 | 3 | 4,454 |
| 24,719 | (3,583) | 28,303 | 33,689 | (20,131) | 53,820 |
| 45,170 | 17,532 | 27,638 | 50,783 | 21,145 | 29,638 |
| 294,477 | (6,977) | 301,453 | 309,234 | (21,421) | 330,655 |
| (276,648) | 3,939 | (280,587) | (297,254) | 23,967 | (321,221) |
| (Surplus) / Deficit on Provision of Services | | | 11,981 | 2,546 | 9,434 |
| (243,306) | | Opening General Fund Balance | (225,477) | | |
| 17,829 | | Less Deficit / (Surplus) on General Fund | 11,981 | | |
| (225,477) | | Closing General Fund Balance at 31 March 2025 | (213,497) | | |

* 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.

| 2023/24 | | | | 2024/25 | | | |
|-------------------|-------------------|-------------------|--|---------|-------------------|--------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Notes | Gross Expenditure | Gross Income | Net Expenditure |
| *Restated £000 | *Restated £000 | *Restated £000 | | | £000 | £000 | £000 |
| 198,056 | (101,966) | 96,091 | Adult Care and Health | | 207,676 | (123,113) | 84,564 |
| 227,185 | (143,119) | 84,066 | Children, Education and Families | | 269,172 | (165,210) | 103,963 |
| 87,983 | (26,865) | 61,119 | Environment & Community Services | | 78,028 | (23,812) | 54,217 |
| 5,318 | (1,080) | 4,238 | Public Protection & Enforcement | | 5,546 | (1,092) | 4,454 |
| 144,700 | (116,397) | 28,303 | Renewal, Recreation and Housing Resources, Commissioning and Contracts | | 169,081 | (115,261) | 53,820 |
| 35,863 | (8,225) | 27,638 | Management | | 37,831 | (8,193) | 29,638 |
| 699,106 | (397,652) | 301,453 | Cost of Services | | 767,335 | (436,680) | 330,655 |
| 1,654 | (8,954) | (7,300) | Other Operating Expenditure | 10 | 1,498 | (4,893) | (3,396) |
| (9,427) | (15,217) | (24,644) | Financing and Investment Income and Expenditure | 11 | (13,115) | (31,356) | (44,471) |
| - | (248,643) | (248,643) | Taxation and Non-Specific Grant Income | 12 | - | (273,354) | (273,354) |
| 691,333 | (670,467) | 20,866 | (Surplus) / Deficit on Provision of Services | | 755,718 | (746,283) | 9,434 |
| | | | (Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets | | | | |
| | | 6,174 | Impairment Losses on Non-Current Assets | 27 | | | (2,302) |
| | | 11,953 | Remeasurements of the Net Defined Benefit Liability | 44 | | | 15,670 |
| | | 18,127 | Other Comprehensive Income and Expenditure | | | | 13,368 |
| | | 38,993 | Total Comprehensive Income and Expenditure | | | | 22,802 |

It has been necessary to restate the previous year's figures as there have been correcting adjustments made relating to the valuation of fixed assets. Corresponding adjustments have also been made to the Movement in Reserves Statement, Expenditure and Funding Analysis, Comprehensive Income & Expenditure Statement and all supporting notes.

* 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 2023 £000 | *Restated 31st March 2024 £000 | | Notes | 31st March 2025 £000 |
|--|---|--------------------------------------|--------------|-------------------------------------|
| 450,204 | 427,334 | Property, Plant and Equipment | 14 | 445,167 |
| 1,018 | 1,018 | Heritage Assets | 15 | 1,684 |
| 70,019 | 77,904 | Investment Property | 16 | 87,059 |
| 177,675 | 100,686 | Long Term Investments | 44 | 98,926 |
| 22,834 | 24,349 | Long Term Debtors | 17 | 25,509 |
| 721,750 | 631,292 | Long Term Assets | | 658,345 |
| 136,762 | 203,167 | Short Term Investments | 17 | 115,108 |
| | | Short Term Lending | 22 | 4,678 |
| 29,816 | 13,040 | Assets Held for Sale (<1yr) | 21 | 589 |
| 237 | 278 | Inventories | 18 | 355 |
| 37,320 | 44,488 | Short Term Debtors | 19 | 60,234 |
| 29,552 | 16,196 | Cash and Cash Equivalents | 20 | 31,071 |
| 233,688 | 277,169 | Current Assets | | 212,035 |
| (13,599) | (8,241) | Short Term Borrowing | 22 | (967) |
| (15,052) | (19,616) | Provisions | 25 | (17,448) |
| (97,424) | (91,087) | Short Term Creditors | 23 | (87,431) |
| (8,304) | (7,117) | Grants Receipts in Advance - Revenue | 37 | (5,746) |
| (5,028) | (5,407) | Grants Receipts in Advance - Capital | 37 | (5,273) |
| (139,406) | (131,468) | Current Liabilities | | (116,864) |
| (31,599) | (31,553) | Other Long Term Liabilities | 24 | (30,878) |
| (31,599) | (31,553) | Long Term Liabilities | | (30,878) |
| 784,433 | 745,440 | Net Assets | | 722,638 |
| (308,785) | (309,106) | Usable Reserves | 26 | (288,866) |
| (475,648) | (436,334) | Unusable Reserves | 27 | (433,772) |
| (784,433) | (745,440) | Total Reserves | | (722,638) |

It has been necessary to restate the previous year's figures as there have been correcting adjustments made relating to the valuation of fixed assets. Corresponding adjustments have also been made to the Movement in Reserves Statement, Expenditure and Funding Analysis, Comprehensive Income & Expenditure Statement and all supporting notes. * See Note 6B

I certify that the statement of accounts presents a true and fair view of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year then ended.

Peter Turner - Director of Finance
30th June 2025



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 £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|------------------------------|-------------------------------------|-------------------------------------|-------------------------------|---------------------------|-------------------------------------|
| Current Year | | | | | | |
| Balance at 31 March 2023 carried forward | (225,477) | (42,910) | (40,720) | (309,106) | (436,334) | (745,440) |
| Movement in Reserves during 2023/24 | | | | | | |
| Total Comprehensive Income and Expenditure | 9,434 | | | 9,434 | 13,368 | 22,802 |
| Adjustments between accounting basis & funding basis under regulations (Note 8) | 2,546 | 10,750 | (2,490) | 10,806 | (10,806) | - |
| (Increase)/Decrease in 2023/24 | 11,980 | 10,750 | (2,490) | 20,240 | 2,562 | 22,802 |
| Balance at 31 March 2024 carried forward | (213,496) | (32,160) | (43,210) | (288,866) | (433,772) | (722,638) |

General Fund Analysed over:

| | £000 |
|--|------------------|
| Amounts earmarked (Note 9) | (193,497) |
| Amounts uncommitted | (20,000) |
| Total General Fund Balance at 31st March 2025 | (213,497) |

| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|------------------------------|-------------------------------------|-------------------------------------|-------------------------------|---------------------------|-------------------------------------|
| Current Year | | | | | | |
| Balance at 31 March 2023 carried forward (*Restated) | (243,305) | (29,347) | (36,133) | (308,785) | (475,648) | (784,433) |
| Movement in Reserves during 2023/24 | | | | | | |
| Total Comprehensive Income and Expenditure | 20,866 | | | 20,866 | 18,127 | 38,993 |
| Adjustments between accounting basis & funding basis under regulations (Note 8) | (3,037) | (13,563) | (4,587) | (21,187) | 21,187 | - |
| (Increase)/Decrease in 2023/24 | 17,829 | (13,563) | (4,587) | (321) | 39,314 | 38,993 |
| Balance at 31 March 2024 carried forward (*Restated) | (225,477) | (42,910) | (40,720) | (309,106) | (436,334) | (745,440) |

General Fund Analysed over:

| | £000 |
|--|------------------|
| Amounts earmarked (Note 9) | (205,477) |
| Amounts uncommitted | (20,000) |
| Total General Fund Balance at 31st March 2024 | (225,477) |

* See Note 6B

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.

| 2023/24 | | Notes | 2024/25 |
|----------|--|-------|----------|
| £000 | | | £000 |
| 20,866 | Net (Surplus) or Deficit on the Provision of Services | | 9,434 |
| (62,925) | Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements | 28 | 5,122 |
| 16,138 | Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities | 28 | 17,069 |
| (25,921) | Net Cash Flows from Operating Activities | | 31,625 |
| 10,681 | Investing Activities | 29 | (55,174) |
| 28,596 | Financing Activities | 30 | 8,674 |
| 13,356 | Net (Increase) or Decrease in Cash and Cash Equivalents | | (14,875) |
| 29,552 | Cash and Cash Equivalents at the Beginning of the Reporting Period | | 16,196 |
| 16,196 | Cash and Cash Equivalents at the End of the Reporting Period | 20 | 31,071 |

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 2024/25 financial year and its position at the year-end of 31st March 2025. 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 2024/25 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 2025 there was a total of £18.2m of cash investments on the Balance Sheet in instant access AAA-rated Money Market Funds and other short-term accessible accounts, (£18.9m as at 31st March 2024).

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.

Notes to the Core Financial Statements

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.

Notes to the Core Financial Statements

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 2024/25, this discount rate was 5.8% compared to 4.9% in 2023/24. The higher the discount rate, the lower the value placed on liabilities.

During 2024/25, the Pension Reserve moved from a surplus of £2.54m to a deficit of £2.05m

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 unlisted 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.

Notes to the Core Financial Statements

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.

Notes to the Core Financial Statements

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 of 12 month expected losses.

Financial Assets Measured at Fair Value through Profit or 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.

Notes to the Core Financial Statements

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

Definition and Scope

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. This policy applies to arrangements where fulfilment is dependent on the use of a specific asset, even if not legally structured as a lease.

The Authority as Lessee

Under IFRS 16, the Authority recognises a right-of-use asset and a lease liability at the lease commencement date for most leases.

Recognition and Measurement

- Right-of-Use Asset: Measured at cost, comprising:
 - the initial amount of the lease liability,
 - any lease payments made at or before commencement (less any lease incentives),
 - initial direct costs,
 - and an estimate of dismantling/restoration costs (if applicable).
- Lease Liability: Measured at the present value of lease payments to be made over the lease term,' discounted using the interest rate implicit in the lease or, if not readily determinable, the Authority's' incremental borrowing rate.'

Lease payments are apportioned between a reduction in the lease liability and a finance charge, recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES).

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the asset and are subject to revaluation and impairment testing consistent with owned assets.

Short-term leases (12 months or less) and leases of low-value assets are exempt from balance sheet recognition; payments are charged directly to the CIES on a straight-line basis.

The Authority as Lessor

The Authority continues to classify leases it grants as either operating or finance leases, depending on whether substantially all risks and rewards incidental to ownership are transferred.

Operating Leases

- The leased asset remains on the Authority's Balance Sheet.
- Rental income is recognised in the Other Operating Expenditure line of the CIES on a straight-line basis' over the lease term.
- Initial direct costs are added to the asset's carrying amount and recognised as expense over the lease term.'

Finance Leases

- As of 31st March 2025, the Authority does not act as a lessor in any finance leases.

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 2024/25 (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 2025 under the responsibility of Amy Milton BSc Hons MRICS, Assistant Director, 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).

Notes to the Core Financial Statements

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.

Notes to the Core Financial Statements

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.

Notes to the Core Financial Statements

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 5 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 £190m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

31 Going Concern Basis continued

- The Council's balance sheet as at 31st March 2025 shows a net worth of £723m, a decrease from £745m as at 31st March 2024.
- 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.

32 Rounding

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

Notes to the Core Financial Statements

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) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- ii) IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- iii) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.** These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

None of the above amendments are expected to have a material impact on the information in the Financial Statements 2024/25.

Notes to the Core Financial Statements

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 2025 was £21,431k.
- 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 three jointly controlled entities 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 2025 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 2024/25 the Scheme's net liabilities were valued at £2.05m, 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 2025, the Authority had a balance of sundry debtors of £24,976k. A review of the category, age and status of these debts suggested that an impairment of doubtful debts of 7.2% (£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.

Notes to the Core Financial Statements

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.

5 Exceptional Items

There are no exceptional items to be reported for the 2024/25 financial year.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30 June 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.

Upon obtaining foundation status, the Council transferred the freehold of Edgebury, Poverest and Downe Primary Schools, on 29 April 2021. The Council should therefore not have accounted for the freehold interest of these sites as part of its statutory asset valuations from this date onwards. The value of the freeholds were erroneously included within the valuations of Property Plant and Equipment, and has resulted in the derecognition of a total of £24.8m as at 1st April 2023.

In addition, the Council's Estates Team have recently undertaken a significant data cleansing and validation project which has identified a number of assets that should form part of the asset list for statutory asset valuations that have previously not been valued. This has resulted in the recognition of a total of £16.7m of Property, Plant and Equipment and £2.4m of Investment Properties as at 1st April 2023.

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 2023 and also as at 31st March 2024.

The information for 2023/24 in the Movement in Reserves Statement, Comprehensive Income & Expenditure Statement and the Expenditure and Funding Analysis and relevant disclosure notes has also been restated. It has been necessary to adjust for the non-cash movements of the Cashflow Statement.

The following tables provide a summary of the required adjustments.

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

(ii) Summary of Changes

A summary of changes to the 2023/24 Comprehensive Income and Expenditure Statement is shown below:

| | CI&E Statement 2023/24 Net Published £000 | Adjustments £000 | CI&E Statement 2023/24 Net Restated £000 |
|--|--|---------------------|---|
| Adult Care and Health | 95,984 | 107 | 96,091 |
| Education, Children & Families | 84,660 | (594) | 84,066 |
| Environment and Community | 61,119 | - | 61,119 |
| Public Protection & Enforcement | 4,238 | - | 4,238 |
| Renewal, Recreation and Housing | 27,607 | 695 | 28,303 |
| Resources, Commissioning and Contracts Management | 27,638 | - | 27,638 |
| Cost of Services | 301,246 | 207 | 301,453 |
| Other Operating Expenditure | (7,300) | - | (7,300) |
| Financing and Investment Income and Expenditure | (24,644) | - | (24,644) |
| Taxation and Non-Specific Grant Income | (248,643) | - | (248,643) |
| (Surplus) / Deficit on Provision of Services | 20,659 | 207 | 20,866 |
| (Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets Impairment Losses on Non-Current Assets | 4,415 | 1,759 | 6,174 |
| Remeasurements of the Net Defined Benefit Liability | 11,953 | - | 11,953 |
| Other Comprehensive Income and Expenditure | 16,368 | 1,759 | 18,127 |
| Total Comprehensive Income and Expenditure | 37,027 | 1,966 | 38,993 |

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

ii) Summary of Changes

A summary of changes to the 2023/24 Movement in Reserves is shown below:

| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 | Notes |
|---|---------------------------------|--|-------------------------------------|----------------------------------|------------------------------|--|-------|
| 2023/24 Movement in Reserves Statement (Published) | | | | | | | |
| Balance at 31 March 2023 carried forward | (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) | (42,911) | (40,720) | (309,105) | (444,015) | (753,121) | |
| 2023/24 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 2023 carried forward | 17,829 | (13,563) | (4,587) | (321) | 45,029 | 44,708 | |
| Movement in Reserves during 2023/24 | | | | | | | |
| Total Comprehensive Income and Expenditure | (11,225) | - | - | (11,225) | (3,000) | (14,225) | |
| Adjustments between accounting basis & funding basis under regulations (Note 8) | 5,375 | 24,313 | 2,096 | 31,785 | (31,785) | - | |
| (Increase)/Decrease in 2023/24 | (5,850) | 24,313 | 2,096 | 20,560 | (34,785) | (14,225) | |
| Balance at 31 March 2024 carried forward | 11,979 | 10,750 | (2,490) | 20,239 | 10,244 | 30,483 | |
| 2023/24 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 2023 carried forward | (225,477) | (42,910) | (40,720) | (309,106) | (436,334) | (745,440) | |
| Movement in Reserves during 2023/24 | | | | | | | |
| Total Comprehensive Income and Expenditure | 9,434 | - | - | 9,434 | 13,368 | 22,802 | |
| Adjustments between accounting basis & funding basis under regulations (Note 8) | 2,545 | 10,751 | (2,490) | 10,806 | (10,806) | - | |
| (Increase)/Decrease in 2023/24 | 11,980 | 10,751 | (2,490) | 20,240 | 2,562 | 22,802 | |
| Balance at 31 March 2024 carried forward | (213,497) | (32,160) | (43,210) | (288,866) | (433,772) | (722,638) | |

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

ii) Summary of Changes

A summary of changes to the 2023/24 opening Balance Sheet is shown below:

| | Balance Sheet 1st April 2024 Published £000 | Adjustments £000 | Balance Sheet 1st April 2024 Restated £000 |
|--|--|-----------------------------|---|
| Property, Plant and Equipment | 437,416 | (10,082) | 427,334 |
| Heritage Assets | 1,018 | | 1,018 |
| Investment Property | 75,503 | 2,401 | 77,904 |
| Long Term Investments | 100,686 | | 100,686 |
| Long Term Debtors | 24,349 | | 24,349 |
| Long Term Assets | 638,973 | (7,681) | 631,292 |
| Short Term Investments | 203,167 | | 203,167 |
| Assets Held for Sale (<1yr) | 13,039 | | 13,040 |
| Inventories | 278 | | 278 |
| Short Term Debtors | 44,489 | | 44,488 |
| Cash and Cash Equivalents | 16,196 | | 16,196 |
| Current Assets | 277,169 | - | 277,169 |
| Short Term Borrowing / Temporary Loans | (8,241) | | (8,241) |
| Provisions | (19,616) | | (19,616) |
| Short Term Creditors | (91,087) | | (91,087) |
| Grants Receipts in Advance - Revenue | (7,117) | | (7,117) |
| Grants Receipts in Advance - Capital | (5,407) | | (5,407) |
| Current Liabilities | (131,468) | - | (131,468) |
| Other Long Term Liabilities | (31,553) | | (31,553) |
| Long Term Liabilities | (31,553) | - | (31,553) |
| Net Assets | 753,121 | (7,681) | 745,440 |
| Usable Reserves | (309,106) | - | (309,106) |
| Unusable Reserves | (444,015) | 7,681 | (436,334) |
| Total Reserves | (753,121) | 7,681 | (745,440) |

Notes to the Core Financial Statements

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 | (8,116) | 450,204 |
| Heritage Assets | 1,018 | | 1,018 |
| Investment Property | 67,618 | 2,401 | 70,019 |
| Long Term Investments | 177,675 | | 177,675 |
| Long Term Debtors | 22,834 | | 22,834 |
| Pension Asset | | | |
| Long Term Assets | 727,465 | (5,715) | 721,750 |
| 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 |
| Current Assets | 233,688 | - | 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) | - | (139,406) |
| Other Long Term Liabilities | (31,599) | | (31,599) |
| Long Term Liabilities | (31,599) | | (31,599) |
| Net Assets | 790,148 | (5,715) | 784,433 |
| Usable Reserves | (308,785) | | (308,785) |
| Unusable Reserves | (481,363) | 5,715 | (475,648) |
| Total Reserves | (790,148) | 5,715 | (784,433) |

Notes to the Core Financial Statements

14 Property, Plant and Equipment

A summary of changes to the 2023/24 PPE is shown below:

| | Total Property, Plant & Equipment | | Total Property, Plant & Equipment |
|--|--------------------------------------|-----------------|--------------------------------------|
| | Published | Adjustments | Restated |
| Comparative Movements in 2023/24 | £000 | £000 | £000 |
| Cost or Valuation | | | |
| As at 1st April 2024 | 680,952 | (8,342) | 672,610 |
| Additions | 41,137 | - | 41,137 |
| Revaluation increases recognised in | | | |
| Revaluation Reserve | 12,312 | (1,759) | 10,553 |
| Derecognition - disposals | (10) | - | (10) |
| Assets reclassified to/from Investment | | | |
| Properties | | | - |
| Other Assets reclassified | (18,391) | - | (18,391) |
| Assets reclassified to/from Assets Held for | | | |
| Sale | (32,456) | - | (32,456) |
| As at 31st March 2024 | 683,544 | (10,101) | 673,443 |
| Accumulated Depreciation & Impairment | | | |
| Balance at 1st April 2024 | (333,553) | 234 | (333,319) |
| Depreciation charge | (9,632) | (718) | (10,350) |
| Impairment losses recognised in Revaluation | | | |
| Reserve | (1,958) | - | (1,958) |
| Impairment (losses)/reversals recognised | | | |
| recognised in Deficit on Provision of | (7,105) | 511 | (6,594) |
| Derecognition - disposals | (3,670) | - | (3,670) |
| As at 31st March 2024 | (355,918) | 27 | (355,891) |
| Net Book Value | | | |
| As at 31st March 2024 | 327,626 | (10,074) | 317,552 |
| As at 31st March 2023 | 347,399 | (8,108) | 339,291 |

Notes to the Core Financial Statements

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

2024/25

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 | (579) | (3) | 20 | (562) | - | (562) |
| Children, Education and Families | (4,839) | (6) | (11,288) | (16,133) | 2,319 | (13,813) |
| Environment & Community Services | (8,065) | (1) | 3 | (8,063) | - | (8,063) |
| Public Protection & Enforcement | (0) | (0) | 4 | 3 | - | 3 |
| Renewal, Recreation and Housing | (23,409) | (2) | 9 | (23,403) | 3,272 | (20,131) |
| Resources, Commissioning and Contracts Management | (579) | 591 | 32 | 44 | 21,101 | 21,145 |
| Net Cost of Services | (37,472) | 579 | (11,220) | (48,113) | 26,692 | (21,421) |
| Other operating expenditure (i) | 4,711 | | - | 4,711 | 2,390 | 7,100 |
| Financing and investment income and expenditure (ii) | 214 | 15,584 | - | 15,798 | (10,883) | 4,915 |
| Taxation and non-specific grant income and expenditure (iii) | - | | (407) | (407) | 12,358 | 11,951 |
| | 4,925 | 15,584 | (407) | 20,102 | 3,865 | 23,967 |
| General Fund (Surplus)/Deficit | (32,547) | 16,163 | (11,627) | (28,011) | 30,557 | 2,546 |

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 | (218) | (107) | (146) | (471) | - | (471) |
| Children, Education and Families | (3,920) | (241) | (4,249) | (8,410) | 6,696 | (1,714) |
| Environment & Community Services | (18,590) | (51) | (51) | (18,692) | - | (18,692) |
| Public Protection & Enforcement | - | (25) | (22) | (47) | - | (47) |
| Renewal, Recreation and Housing | (8,315) | (88) | (92) | (8,494) | 4,911 | (3,583) |
| Resources, Commissioning and Contracts Management | (3,587) | 204 | (186) | (3,569) | 21,101 | 17,532 |
| Net Cost of Services | (34,629) | (308) | (4,747) | (39,684) | 32,707 | (6,977) |
| 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 | (25,880) | 11,408 | (4,111) | (18,583) | 15,546 | (3,037) |

Notes to the Core Financial Statements

7A Note to the Expenditure and Funding Analysis continued

Adjustments for Capital Purposes

- (i) 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.

Net change for the Pensions Adjustments

- (ii) 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.

Other Statutory Adjustments

- (iii) 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.

Other Non-Statutory Adjustments

- (iv) 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.

Notes to the Core Financial Statements

7B Segmental Income

Income received on a segmental basis is analysed below:

| | 2023/24 | 2024/25 |
|---|----------------------|----------------------|
| Services | Income from Services | Income from Services |
| | £000 | £000 |
| Adult Care and Health | (64,582) | (82,618) |
| Children, Education and Families | (5,609) | (6,161) |
| Environment & Community Services | (26,815) | (23,761) |
| Public Protection and Enforcement | (586) | (687) |
| Renewal, Recreation and Housing | (20,224) | (22,298) |
| Resources, Commissioning and Contracts Management | (6,992) | (7,775) |
| Total income analysed on a segmental basis | (124,809) | (143,299) |

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.

Notes to the Core Financial Statements

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

| | Usable Reserves | | | Movement |
|---|-----------------|-----------------|-----------------|-----------------|
| | General | Capital | Capital | in |
| | Fund | Receipts | Grants | Unusable |
| | Balance | Reserve | Unapplied | Reserves |
| | £000 | £000 | £000 | £000 |
| 2024/25 | | | | |
| 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: | | | | |
| <i>Pensions Costs transferred to/(from) the Pensions Reserve</i> | | | | |
| Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44) | 11,685 | | | (11,685) |
| Employer's pension contributions and direct payments to pensioners payable in the year | 4,478 | | | (4,478) |
| C Tax and NDR transfers to/(from) the Collection Fund | (407) | | | 407 |
| Contribution to/from DSG Adjustment account | (10,839) | | | 10,839 |
| Holiday Pay transferred to/(from) the Accumulated Absence Reserve | (382) | | | 382 |
| 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 | (30,849) | | | 30,849 |
| Movements in the fair value of investment properties | 9,675 | | | (9,675) |
| Movements in the fair value of Financial Instruments | 543 | | | (543) |
| Capital grants & contributions | 17,949 | | (17,949) | - |
| Revenue expenditure funded from capital under statute | (7,067) | | | 7,067 |
| Non-current assets written off on disposal or sale | - | (11,779) | | 11,779 |
| Transfer of Lease Liability Repayments | (955) | | | 955 |
| Total Adjustments to Revenue Resources | (6,169) | (11,779) | (17,949) | 35,897 |
| Adjustments between Revenue and Capital Resources | | | | |
| <i>Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</i> | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | 4,711 | (4,711) | | - |
| 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)) | - | - | | - |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 1,614 | - | | (1,614) |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 2,390 | - | | (2,390) |
| Total Adjustments between Revenue and Capital Resources | 8,715 | (4,711) | - | (4,004) |
| Adjustment to Capital Resources | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | - | 27,373 | - | (27,373) |
| Application of capital grants to finance capital expenditure | - | - | 15,459 | (15,459) |
| Cash payments in relation to Deferred Capital Receipts | - | (133) | - | 133 |
| Total Adjustment to Capital Resources | - | 27,240 | 15,459 | (42,699) |
| Total Adjustments | 2,546 | 10,750 | (2,490) | (10,806) |

Notes to the Core Financial Statements

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

| 2023/24 | Usable Reserves | | | Movement |
|---|--|--|--|--|
| | General Fund Balance *Restated £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | in Unusable Reserves *Restated £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: | | | | |
| <i>Pensions Costs transferred to/(from) the Pensions Reserve</i> | | | | |
| 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 | (26,094) | | | 26,094 |
| 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 | (18,536) | (31,311) | (19,144) | 68,991 |
| Adjustments between Revenue and Capital Resources | | | | |
| <i>Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</i> | | | | |
| 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)) | - | - | | - |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 1,165 | - | | (1,165) |
| | 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 | (3,037) | (13,563) | (4,587) | 21,187 |

* See Note 6B

Notes to the Core Financial Statements

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 2024/25.

| | Balance at 31st March 2024 £000 | Transfers Out 2024/25 £000 | Transfers In 2024/25 £000 | Balance at 31st March 2025 £000 |
|--|--|-------------------------------------|------------------------------------|--|
| 2024/25 | | | | |
| Technology Fund | (1,191) | 447 | (39) | (783) |
| Investment to Community and Voluntary Sector | (227) | 51 | (20) | (196) |
| Building Control Charging Account & Land Charges | 599 | - | - | 599 |
| Government Grants - Earmarked Reserve | (6,053) | 6,053 | (5,421) | (5,421) |
| Invest to Save Fund | (17,367) | 1,044 | - | (16,323) |
| One off Member Initiatives | (587) | 31 | - | (556) |
| Infrastructure Investment Fund | (172) | 67 | - | (105) |
| Health & Social Care 'Promise Programme' | (3,953) | - | - | (3,953) |
| Winter Pressures | (2,010) | 90 | - | (1,920) |
| Key Health & Social Care Initiatives | (1,700) | - | - | (1,700) |
| Integration of Health & Social Care Initiatives | (1,614) | - | - | (1,614) |
| Collection Fund Surplus Set Aside | (27,875) | 11,932 | - | (15,943) |
| Healthy Bromley Fund | (1,899) | - | - | (1,899) |
| Parallel Fund | (3,249) | - | (161) | (3,410) |
| Health & Social Care Integrated Commissioning Fund | (1,480) | - | - | (1,480) |
| Financial Planning and Risk Reserve | (18,519) | - | - | (18,519) |
| Bromley Welfare Fund | (520) | 110 | (10) | (420) |
| LBB Lease Properties | (273) | 74 | (373) | (572) |
| Business Rates Risk Reserve | (1,530) | - | - | (1,530) |
| Various Joint Schemes and Pump Priming Investments | (3,158) | 1,700 | (21) | (1,479) |
| Transition Fund | (2,559) | - | - | (2,559) |
| Environmental Initiatives | (394) | 44 | - | (350) |
| Future Professional Advice for Commissioning | (122) | - | - | (122) |
| Utilisation of New Homes Bonus | (4,838) | - | - | (4,838) |
| Future Pensions Risk on Outsourcing | (2,011) | - | (291) | (2,302) |
| West Wickham Leisure Centre & Library Redevelopm | (623) | - | - | (623) |
| Income Equalisation Reserve | (13,240) | - | (3,142) | (16,382) |
| New Transformation Fund | (1,208) | - | - | (1,208) |
| Growth Fund | (18,480) | 2,061 | - | (16,419) |
| Transformation Programme | (250) | 75 | - | (175) |
| Housing Investment Fund | (33,158) | 12,553 | - | (20,605) |
| High Street and Parks Improvement Fund | (71) | - | - | (71) |
| 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 | 74 | - | - | 74 |
| Carbon Neutral Initiatives Fund | (875) | 56 | - | (819) |
| Walnut development - feasibility study | - | - | - | - |
| IBCF Hospital Discharge Funding Reserve | (5,031) | - | - | (5,031) |
| COVID recovery Fund | (4,265) | 2,000 | - | (2,265) |
| Platinum Jubilee Fund | (854) | 464 | - | (390) |
| Capital Fund | (1,252) | - | - | (1,252) |
| Investment Fund | (6,146) | - | - | (6,146) |
| Treemendous Fund | (609) | 512 | - | (97) |
| Strategy Transformation Fund | (101) | 50 | - | (51) |
| Social Care Staffing Fund | (830) | 580 | - | (250) |
| Sub Total 2024/25 | (195,523) | 39,995 | (9,479) | (165,007) |

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves continued

| | Balance at 31st March 2024 | Transfers Out 2024/25 | Transfers In 2024/25 | Balance at 31st March 2025 |
|--|----------------------------------|-----------------------------|----------------------------|----------------------------------|
| 2024/25 | | | | |
| Balance brought forward from previous page | (195,523) | 39,995 | (9,479) | (165,007) |
| Legal Fund | (570) | 137 | - | (433) |
| Education Fund | (105) | 105 | - | - |
| Building Infrastructure Fund | (1,148) | 161 | - | (987) |
| Arboricultural Backlog Fund | (400) | 352 | - | (48) |
| Education Staffing Restructure | (600) | 249 | - | (351) |
| LBB Owned Affordable Housing Reserve | (469) | 638 | (216) | (47) |
| Non-Recurring Funding for Integrated Care System Develop | - | - | (19,000) | (19,000) |
| Transformation Fund 2024-2028 | - | - | (1,000) | (1,000) |
| Schools | (2,111) | 319 | - | (1,792) |
| Insurance Fund | (4,551) | 97 | (377) | (4,831) |
| Total Earmarked Reserves 2024/25 | (205,477) | 42,052 | (30,072) | (193,497) |

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.

| | Balance at 31st March 2023 | Transfers Out 2023/24 | Transfers In 2023/24 | Balance at 31st March 2024 |
|---|----------------------------------|-----------------------------|----------------------------|----------------------------------|
| 2023/24 | | | | |
| | £000 | £000 | £000 | £000 |
| Technology Fund | (1,229) | 98 | (60) | (1,191) |
| Investment to Community | (230) | 1 | - | (229) |
| 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 Accommodation | (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) |
| Sub Total 2023/24 | (114,395) | 28,247 | (16,556) | (102,704) |

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves continued

| | Balance at 31st March 2023 | Transfers Out 2023/24 | Transfers In 2023/24 | Balance at 31st March 2024 |
|---|----------------------------------|--------------------------|----------------------------|----------------------------------|
| 2023/24 | | | | |
| Balance brought forward from previous page | (114,395) | 28,247 | (16,556) | (102,704) |
| West Wickham Leisure Centre & Library Redevelopment | (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) |
| 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 | (221,023) | 39,248 | (23,702) | (205,477) |
| Collection Fund Deferred Costs Reserve | (2,283) | 2,283 | - | - |
| Total Earmarked Reserves 2023/24 | (223,306) | 41,531 | (23,702) | (205,477) |

Notes to the Core Financial Statements

10 Other Operating Expenditure

| 2023/24 | 2024/25 |
|--|-----------------------|
| £000 | £000 |
| 1,300 Levies | 1,315 |
| (8,600) Losses/Gains on the Disposal of Non-Current Assets | (4,711) |
| <u>(7,300) Total</u> | <u>(3,396)</u> |

11 Financing and Investment Income and Expenditure

| 2023/24 | 2024/25 |
|--|------------------------|
| £000 | £000 |
| 862 Interest Payable and Similar Charges | 962 |
| (11,716) Net Interest on the Net Defined Benefit Liability | (15,584) |
| (19,826) Interest Receivable and Similar Income | (17,469) |
| 5,122 (Income)/Expenditure in Relation to Investment Properties and changes in their fair value | (12,333) |
| 914 Other Investment Income & Expenditure | (47) |
| <u>(24,644) Total</u> | <u>(44,471)</u> |

12 Taxation and Non Specific Grant Income

| 2023/24 | 2024/25 |
|---|-------------------------|
| £000 | £000 |
| (194,576) Council Tax Income | (205,916) |
| (44,564) Business Rates Income | (53,879) |
| (1,966) Non-Ring fenced Government grants | (1,201) |
| (7,537) Capital Grants and Contributions | (12,358) |
| <u>(248,643) Total</u> | <u>(273,354)</u> |

Notes to the Core Financial Statements

13 Expenditure and Income Analysed by Nature

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

| | 2023/24 | 2024/25 |
|---|------------------|------------------|
| Expenditure/Income | £000 | £000 |
| Expenditure | | |
| Employee Expenses | 132,945 | 132,882 |
| Other Service Expenses | 553,927 | 621,370 |
| Support Service Recharges | (2,619) | (1,917) |
| Depreciation and Impairment | 14,852 | 14,999 |
| Precepts and Levies | 1,654 | 1,498 |
| Interest and Investment Payments | 2,289 | 2,469 |
| Net Interest on the Net Defined Liability | (11,716) | (15,584) |
| Total Expenditure | 691,333 | 755,718 |
| Income | | |
| Fees, Charges & Other Service Income | (79,613) | (83,129) |
| Other Income | 5,508 | (12,409) |
| Gain or Loss on Disposal of Non Current Assets | (8,954) | (4,893) |
| Interest and Investment Income | (24,227) | (21,681) |
| Income from Council Tax | (194,576) | (205,916) |
| Income from Non Domestic Rates | (20,337) | (27,225) |
| Government Grants and Contributions | (348,267) | (391,031) |
| Total Income | (670,467) | (746,283) |
| (Surplus) / Deficit on Provision of Services | 20,866 | 9,434 |

Notes to the Core Financial Statements

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 |
|---|--------------------------|--|--------------------------|------------------------|--------------------------------------|---------------------------|--|
| Movements in 2024/25 | | | | | | | |
| Cost or Valuation | | | | | | | |
| Balance at 1st April 2024 | 568,174 | 29,210 | 2,701 | 35,043 | 25,328 | 12,987 | 673,443 |
| Additions | 14,594 | 2,927 | 1,972 | | 23,147 | 38 | 42,678 |
| Revaluation increases recognised in Revaluation Reserve | 5,159 | | | 60 | | | 5,219 |
| Derecognition - disposals | | (1,058) | | | | | (1,058) |
| Assets reclassified to/from Investment Properties | | | | 520 | | | 520 |
| Other Assets reclassified | (682) | | | 682 | | | - |
| Assets reclassified to/from Assets Held for Sale | (10,724) | | | | | | (10,724) |
| As at 31st March 2025 | 576,521 | 31,079 | 4,673 | 36,305 | 48,475 | 13,025 | 710,078 |
| Accumulated Depreciation & Impairment | | | | | | | |
| As at 1st April 2024 | (316,946) | (10,920) | (1,961) | (21,958) | (3,680) | (435) | (355,900) |
| Depreciation charge | (6,850) | (3,206) | (95) | | | (295) | (10,446) |
| Impairment losses recognised in Revaluation Reserve | (2,255) | | | (819) | | (509) | (3,583) |
| Impairment (losses)/reversals recognised recognised in Deficit on Provision of Services | 253 | | | (3) | | (4,701) | (4,451) |
| Derecognition - disposals | | 7 | | | | | 7 |
| As at 31st March 2025 | (325,798) | (14,119) | (2,056) | (22,780) | (3,680) | (5,940) | (374,373) |
| Net Book Value | | | | | | | |
| As at 31st March 2025 | 250,723 | 16,960 | 2,617 | 13,525 | 44,795 | 7,085 | 335,705 |
| As at 31st March 2024 | 251,228 | 18,290 | 740 | 13,085 | 21,648 | 12,552 | 317,543 |

Notes to the Core Financial Statements

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 |
|---|--------------------------|--|--------------------------|------------------------|--------------------------------------|-------------------|--|
| *Restated | | | | | | | |
| Comparative Movements in 2023/24 | | | | | | | |
| Cost or Valuation | | | | | | | |
| As at 1st April 2024 | 587,892 | 27,381 | 2,494 | 30,543 | 11,936 | 12,364 | 672,610 |
| Additions | 422 | 1,839 | 207 | | 38,555 | 114 | 41,137 |
| Revaluation increases recognised in Revaluation Reserve | 7,773 | | | 2,271 | | 509 | 10,553 |
| Derecognition - disposals | | (10) | | | | | (10) |
| Assets reclassified to/from Investment Properties | | | | | (18,390) | | (18,390) |
| Other Assets reclassified | 4,543 | | | 2,229 | (6,773) | | (1) |
| Assets reclassified to/from Assets Held for Sale | (32,456) | | | | | | (32,456) |
| As at 31st March 2024 | 568,174 | 29,210 | 2,701 | 35,043 | 25,328 | 12,987 | 673,443 |
| Accumulated Depreciation & Impairment | | | | | | | |
| Balance at 1st April 2024 | (301,388) | (8,587) | (1,873) | (21,480) | | | (333,328) |
| Depreciation charge | (7,580) | (2,343) | (88) | | | (339) | (10,350) |
| Impairment losses recognised in Revaluation Reserve | (1,480) | | | (478) | | | (1,958) |
| Impairment (losses)/reversals recognised recognised in Deficit on Provision of | (6,498) | | | | | (96) | (6,594) |
| Derecognition - disposals | | 10 | | | (3,680) | | (3,670) |
| As at 31st March 2024 | (316,946) | (10,920) | (1,961) | (21,958) | (3,680) | (435) | (355,900) |
| Net Book Value | | | | | | | |
| As at 31st March 2024 | 251,228 | 18,290 | 740 | 13,085 | 21,648 | 12,552 | 317,543 |
| As at 31st March 2023 | 286,504 | 18,794 | 621 | 9,063 | 11,936 | 12,364 | 339,282 |

* See Note 6B

Notes to the Core Financial Statements

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 2025, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years budgeted to cost £43.2m. This mainly comprised commitments relating to OPR Leisure Centres (12.2m), Depot Improvement works (7.5m), Churchill Court Phase - HWBC (3.2m), York Rise (3.0m), OPR Libraries (2.7m), Provision of Library and Housing improvements in West Wickham (2.6m), Capital maintenance in Schools (2.3m) and Basic Need (1.6m).

Commitments at 31st March 2024 totalled £30.2m.

(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 2024/25, 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 2025 | - | 16,960 | 2,617 | - | 44,796 | | 64,373 |
| Valued at Current Value as at: | | | | | | | |
| 31st March 2024 | (61,060) | | | (4,260) | | (3,820) | (69,140) |
| 31st March 2023 | (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 |
| Total Assets at Current Value | 250,723 | - | - | 13,525 | - | 7,083 | 271,331 |
| Total Property, Plant & Equipment | | | | | | | |
| 31st March 2025 | 250,723 | 16,960 | 2,617 | 13,525 | 44,796 | 7,083 | 335,704 |

Notes to the Core Financial Statements

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) | 2023/24 | 2024/25 |
|--|----------------|----------------|
| As at 1 April | 110,922 | 109,790 |
| Additions | 3,370 | 4,226 |
| Derecognition | - | - |
| Depreciation | (4,502) | (4,554) |
| Impairment | - | - |
| Other movements in cost | - | - |
| As at 31 March | 109,790 | 109,462 |

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.

Notes to the Core Financial Statements

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 2024 | 673 | 345 | 1,018 |
| Movement during year | | - | - |
| Net Book Value 31st March 2024 | 673 | 345 | 1,018 |
| Cost or Valuation | | | |
| 1st April 2024 | 673 | 345 | 1,018 |
| Movement during year | 666 | - | 666 |
| Net Book Value 31st March 2025 | 1,339 | 345 | 1,684 |

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:

| 2023/24 £000 | 2024/25 £000 |
|--|-------------------------|
| (7,748) Rental Income from Investment Property | (4,165) |
| 1,090 Direct Operating Expenses arising from Investment Property | 1,506 |
| (6,658) Net gain | (2,658) |

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. 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:

| Restated* 2023/24 £000 | 2024/25 £000 |
|--|-------------------------|
| 70,019 Balance at Start of Year | 77,904 |
| (1,495) Disposals | |
| 18,390 Reclassified from Assets under Construction | |
| Reclassified to Surplus Properties | (520) |
| (9,010) Net Gains/(Losses) from Fair Value Adjustments | 9,675 |
| 77,904 Balance at End of Year | 87,059 |

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 leases are included in Note 40.

* See Note 6B

Notes to the Core Financial Statements

16 Investment Property continued

Details of the authority's investment properties as at 31st March 2024 and 2025 are as follows:

| Restated* | |
|--------------------------------------|---------------|
| 2023/24 | 2024/25 |
| £000 | £000 |
| 21,960 Office units | 33,305 |
| 6,745 Airport | 7,920 |
| 16,620 Industrial | 16,830 |
| 27,390 Commercial units | 24,340 |
| 5,189 Other | 4,664 |
| 77,904 Balance at End of Year | 87,059 |

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 2024/25.

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

* See Note 6B

Notes to the Core Financial Statements

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 2025 £000 | 31 March 2024 £000 | 31 March 2025 £000 | 31 March 2024 £000 |
| Financial Assets | | | | |
| Amortised Cost | | | | |
| Investments | 11,288 | 13,095 | 114,403 | 202,277 |
| Debtors * | 25,509 | 24,349 | 51,134 | 92,635 |
| Cash and Cash Equivalents | | | 31,071 | 16,197 |
| | <u>36,797</u> | <u>37,444</u> | <u>196,608</u> | <u>311,109</u> |
| Fair Value through Profit or Loss | | | | |
| Investments | 87,638 | 87,591 | 704 | 890 |
| Total Financial Assets | <u>124,435</u> | <u>125,035</u> | <u>197,312</u> | <u>311,999</u> |
| Financial Liabilities | | | | |
| Amortised Cost | | | | |
| Creditors * | - | - | (60,101) | (55,670) |
| Total Financial Liabilities | <u>-</u> | <u>-</u> | <u>(60,101)</u> | <u>(55,670)</u> |

* 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 2025 include a total principal of £227,026k and total accrued interest of £5,176k (£314,486k and total accrued interest of £8,271k as at 31st March 2024).

Notes to the Core Financial Statements

17 Financial Instruments continued

| (b) <i>Income, Expense, Gains and Losses</i> | Other | Surplus or Deficit on the | |
|---|--|---|------------------|
| | Comprehensive Income and Expenditure 2024/25 £'000 | Provision of Services 2023/24 £'000 | 2024/25 £'000 |
| Net (Gains)/Losses on: | | | |
| Available for Sale Financial Assets | - | - | - |
| Financial Assets Measured at Fair Value through Profit or Loss | - | (914) | 48 |
| Total Net (Gains)/Losses | - | (914) | 48 |
| Interest Income | | 19,737 | 17,419 |
| Interest Expense | | -923 | -1,057 |
| Net Interest | | 18,814 | 16,362 |

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 £60m in two Multi Asset Income Funds).

(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 2025, 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 2024 | | 31st March 2025 | |
|---|----------------------------|-----------------------|----------------------------|-----------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| Financial Assets held at Amortised Cost | | | | |
| Investments | 303,853 | 303,853 | 218,711 | 218,711 |
| Long Term Debtors | 24,349 | 24,349 | 25,509 | 25,509 |
| Cash and Cash Equivalents | 16,197 | 16,197 | 31,071 | 31,071 |
| Total Financial Assets | 344,400 | 344,400 | 275,291 | 275,291 |

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.

Notes to the Core Financial Statements

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.

| 2024 | 2025 |
|---|---------------|
| £000 | £000 |
| 2,201 Loans for Miscellaneous Advances | 2,997 |
| (1) Loans to Private Street Work Frontagers | - |
| 22,149 Loans to Meadowship Homes | 22,512 |
| 24,349 | 25,509 |

* 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.

| 2024 | 2025 |
|------------------------|---------------|
| £000 | £000 |
| 21,621 Opening Balance | 22,149 |
| (66) Loans repaid | (133) |
| 594 Other Changes | 496 |
| 22,149 | 22,512 |

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.

Notes to the Core Financial Statements

18 Inventories

| | Road Salt | | Other Consumables | | Total | |
|---|------------|------------|-------------------|----------|------------|------------|
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance outstanding at start of year | 271 | 246 | 7 | 6 | 278 | 252 |
| Purchases | 50 | 84 | 75 | 11 | 125 | 95 |
| Usage/Payment/Transfers during the year | (14) | (21) | (29) | (10) | (43) | (31) |
| Written off | | | | | | |
| Balances | - | (38) | (5) | - | (5) | (38) |
| Balance outstanding at year-end | 307 | 271 | 48 | 7 | 355 | 278 |

19 Short - Term Debtors

| 31st March 2024 Net £000 | | 31st March 2025 Net £000 |
|-----------------------------------|---------------------------------------|-----------------------------------|
| | Debtors | |
| (1,995) | Central Government Bodies | 3,251 |
| 6,332 | Other Local Authorities | 7,741 |
| 722 | Council Tax | 695 |
| 15,225 | NNDR | 21,081 |
| 8,114 | NHS Bodies | 5,778 |
| 117 | Public Corporations and Trading Funds | 605 |
| 12,242 | Other Entities and Individuals | 16,316 |
| <u>40,757</u> | | <u>55,467</u> |
| 3,731 | Payments in Advance | 4,766 |
| <u>44,488</u> | | <u>60,234</u> |

Notes to the Core Financial Statements

20 Cash and Cash Equivalents

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

| 2023/24 | | 2024/25 |
|---------------|--|---------------|
| £000 | | £000 |
| 55 | Cash held by the Authority | 57 |
| (2,763) | Bank Current Accounts | 12,846 |
| 18,904 | Short-term Deposits with Money Market Funds* | 18,169 |
| 16,196 | Total Cash and Cash Equivalents | 31,071 |

* 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.

| 2023/24 | | 2024/25 |
|---------------|--|------------|
| £000 | | £000 |
| 29,816 | Balance outstanding at start of year | 13,040 |
| | Assets newly classified/(declassified) as held for sale: | |
| 32,457 | Property, Plant and Equipment | 10,724 |
| (14,769) | Revaluation losses - recognised in Revaluation Reserve | |
| (4,648) | - recognised in deficit on Provision of Services | (11,399) |
| - | Revaluation gains | |
| (29,816) | Assets sold | (11,776) |
| 13,040 | Balance outstanding at year-end | 589 |

22 Financial Assets/Liabilities

Short Term Borrowing / Lending

| | Balance as at 31st March | Loans Raised | Loans Repaid | Balance as at 31st March |
|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|
| | 2024 | | | 2025 |
| | £000 | £000 | £000 | £000 |
| Pension Fund | (7,574) | 12,252 | | 4,678 |
| Former LRB Fund | (666) | (967) | 666 | (967) |
| | (8,240) | 11,285 | 666 | 3,711 |

Notes to the Core Financial Statements

23 Short - Term Creditors

| 31st March 2024 £000 | | 31st March 2025 £000 |
|----------------------------|--------------------------------|----------------------------|
| | Creditors | |
| (182) | Central Government Bodies | (247) |
| (2,735) | Other Local Authorities | (2,385) |
| (3,473) | NHS Bodies | (3,423) |
| (783) | Public Corporations | (2,049) |
| (1,172) | Council Tax | (4,428) |
| (6,168) | Council Tax Precepts (GLA) | (7,851) |
| (5,440) | NNDR Central Government | (4,395) |
| (6,100) | NNDR GLA | (4,927) |
| (652) | NNDR LBB | (1,022) |
| (54,337) | Other Entities and Individuals | (50,310) |
| <u>(81,043)</u> | | <u>(81,036)</u> |
| | Receipts in Advance | |
| (250) | Central Government Bodies | (117) |
| (442) | Other Local Authorities | (6) |
| (5,052) | NHS Bodies | (932) |
| (4,300) | Other Entities and Individuals | (5,339) |
| <u>(10,044)</u> | | <u>(6,394)</u> |
| <u>(91,087)</u> | | <u>(87,431)</u> |

24 Other Long Term Liabilities

| 31st March 2024 £000 | | 31st March 2025 £000 |
|----------------------------|--|----------------------------|
| (2,540) | Liability relating to Defined Benefit Pension Scheme # | (2,047) |
| (28,763) | Liability relating to Finance Leases * | (28,322) |
| (250) | Long term Provisions | (509) |
| <u>(31,553)</u> | | <u>(30,878)</u> |

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

Notes to the Core Financial Statements

25 Provisions

| | Outstanding Legal Cases (a) | Injury & Damage Compensation Claims (b) | Other Provisions (c) | Total |
|------------------------------------|--------------------------------|---|-------------------------|----------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2024 | - | (2,880) | (16,737) | (19,616) |
| Additional Provisions made in year | | (133) | (3,110) | (3,242) |
| Amounts used in year | | | 2,319 | 2,319 |
| Unused amounts reversed in year | | | 3,092 | 3,092 |
| Balance at 31st March 2025 | - | (3,013) | (14,435) | (17,448) |

(a) Outstanding Legal Cases: the Council has not made provision for any financial implications arising from any legal cases in 2024/25

(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 2025
(A total estimate of £3,013k).

(c) Other Provisions include the following:

Provision for irrecoverable Council Tax and Non-Domestic Rates debts of £5,776k has been carried forward to 2025/26

Provision of £2,743k 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.

Notes to the Core Financial Statements

27 Unusable Reserves

| Restated* | | 31st March |
|------------------|--|------------------|
| 2024 | | 2025 |
| £000 | | £000 |
| (89,273) | *Revaluation Reserve | (91,102) |
| 12,409 | Pooled Investment Funds Adjustment Account | 12,362 |
| (356,226) | *Capital Adjustment Account | (362,559) |
| 2,540 | Pensions Reserve | 2,047 |
| (35,319) | Deferred Capital Receipts Reserve | (35,186) |
| (2,486) | Collection Fund Adjustment Account | (2,080) |
| 3,014 | Accumulated Absences Account | 3,396 |
| 16,222 | Dedicated Schools Grant adjustment account | 27,061 |
| 12,785 | Financial Instruments Adjustment Account | 12,289 |
| (436,334) | Total Unusable Reserves | (433,772) |

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.

| Restated* | | | 2024/25 |
|-----------------|--|---------|-----------------|
| 2023/24 | | | £000 |
| £000 | | | |
| (95,621) | Balance as at 1st April | | (89,273) |
| (10,553) | Upward revaluation of assets | (5,885) | |
| 16,727 | Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services | 3,583 | |
| 6,174 | Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services | | (2,302) |
| 174 | Accumulated losses on assets sold or scrapped | 473 | |
| 174 | Amount written off to Capital Adjustment Account | | 473 |
| (89,273) | Balance as at 31st March | | (91,102) |

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

Notes to the Core Financial Statements

27 Unusable Reserves continued

| PIFAA 2023/24 £000 | | PIFAA 2024/25 £000 |
|--------------------------|---|--------------------------|
| 11,495 | Balance as at 1st April | 12,409 |
| | Upward revaluation of investments | (47) |
| 914 | Downward revaluation of investments and impairment losses | |
| 914 | | (47) |
| 12,409 | Balance as at 31st March | 12,362 |

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.

| Restated* 2023/24 £000 | | 2024/25 £000 |
|------------------------------|---|------------------|
| (382,292) | Balance as at 1st April | (356,226) |
| | <i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:</i> | |
| 14,852 | Charges for depreciation and | 14,999 |
| 11,242 | Impairment of non-current assets | 15,850 |
| 9,551 | Revenue expenditure funded from capital under statute | 7,067 |
| | Recognition of Lease Liabilities | 955 |
| 35,645 | Net written out amount of the cost of non-current assets consumed in the year | 38,871 |
| | <i>Capital financing applied in the year:</i> | |
| (28,271) | Use of Capital Receipts Reserve to finance new capital expenditure | (27,374) |
| (14,557) | Application of grants to capital financing from the Capital Grants Unapplied Account | (15,459) |
| 31,137 | Sale proceeds credited as part of the gain and loss on disposal to the | 11,306 |
| (1,165) | Statutory provision for capital financing charged against the General Fund | (1,613) |
| (5,733) | Capital expenditure charged against the General Fund balance | (2,389) |
| (18,589) | | (35,529) |
| 9,010 | Movements in market value of Investment Properties debited or credited to CI&E Statement | (9,675) |
| (356,226) | Balance as at 31st March | (362,559) |

* See Note 6B

Notes to the Core Financial Statements

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.

| 2023/24 | | 2024/25 |
|--------------|--|--------------|
| £000 | | £000 |
| 1,995 | Balance as at 1st April | 2,540 |
| 11,953 | Actuarial gains or (losses) on pensions assets and liabilities | 15,670 |
| (10,875) | 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 | (11,685) |
| (533) | Employer's pension contributions and direct payments to pensioners payable in the year | (4,478) |
| 2,540 | Balance as at 31st March | 2,047 |

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.

| 2023/24 | | 2024/25 |
|-----------------|---|-----------------|
| £000 | | £000 |
| (37,242) | Balance as at 1st April | (35,319) |
| - | - New advances | - |
| 1,923 | Transfer to the Capital Receipts Reserve upon receipt of cash | 133 |
| (35,319) | Balance as at 31st March | (35,186) |

Notes to the Core Financial Statements

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.

| 2023/24 | 2024/25 |
|--|----------------|
| £000 | £000 |
| (1,852) Balance as at 1st April | (2,486) |
| (634) 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 | 406 |
| (2,486) Balance as at 31st March | (2,080) |

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.

| 2023/24 | 2024/25 |
|--|--------------|
| £000 | £000 |
| 1,784 Balance as at 1st April | 3,014 |
| (1,784) Settlement or cancellation of accrual made at the end of the preceding year | (3,014) |
| 3,014 Amounts accrued at the end of the current year | 3,396 |
| 1,230 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 | 382 |
| 3,014 Balance as at 31st March | 3,396 |

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.

| 2023/24 | 2024/25 |
|---|---------------|
| £000 | £000 |
| 12,706 Balance as at 1st April | 16,222 |
| 3,516 School budget deficit transferred from General Fund in accordance with statutory requirements | 10,839 |
| 16,222 Balance as at 31st March | 27,061 |

Notes to the Core Financial Statements

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.

| 2023/24 | | 2024/25 |
|---------------|--|---------------|
| £000 | | £000 |
| 13,378 | Balance as at 1st April | 12,785 |
| | Amount by which finance costs charged to the | |
| | Comprehensive Income and Expenditure Statement are | |
| | different from finance costs chargeable in the year in | |
| (593) | accordance with statutory requirements | (496) |
| <u>12,785</u> | Balance as at 31st March | <u>12,289</u> |

Notes to the Core Financial Statements

28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2023/24 | 2024/25 |
|--|-----------------|
| £000 | £000 |
| (15,298) Interest Received | (20,491) |
| <u>(15,298) Net Interest Received</u> | <u>(20,491)</u> |
| 2023/24 | 2024/25 |
| £000 | £000 |
| (14,852) Depreciation | (15,000) |
| (20,252) Impairment/Reversals and Downward Valuations | (6,175) |
| 507 Increase/Decrease in Creditors & Provisions | 4,052 |
| (8,332) Increase/Decrease in Debtors (net of bad debts) | 15,993 |
| 41 Increase/Decrease in Inventories | 77 |
| 10,989 Movement in Pension Liability & Finance Leases | 14,946 |
| (321) Movement in Fair Value of Financial Instruments | 496 |
| Carrying Amount of Non-Current Assets and Non-Current | |
| (34,991) Assets Held-for-Sale, Sold or De-Recognised | (12,827) |
| Other Non-Cash Items Charged to the Net Surplus or Deficit | |
| 4,286 on the Provision of Services | 3,560 |
| <u>(62,925)</u> | <u>5,122</u> |

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

| 2023/24 | 2024/25 |
|---|----------------|
| £000 | £000 |
| Proceeds from the Sale of Property, Plant and Equipment and | |
| 8,600 Investment Property | 4,711 |
| 7,537 Other Items for which the Cash Effects are Investing or | 12,358 |
| <u>16,138</u> | <u>17,069</u> |

29 Cash Flow Statement - Investing Activities

| 2023/24 | 2024/25 |
|---|-----------------|
| £000 | £000 |
| 44,507 Purchase of Property, Plant and Equipment and Investment | 46,903 |
| 529,000 Purchase of Short-term and Long-term Investments | 455,600 |
| (8,600) Proceeds from the Sale of Property, Plant and Equipment and Investment Property | (4,711) |
| (546,308) Proceeds from Short-term and Long-term Investments | (542,608) |
| (7,917) Other Receipts from Investing Activities | (10,358) |
| <u>10,681 Net Cash Flows from Investing Activities</u> | <u>(55,174)</u> |

30 Cash Flow Statement - Financing Activities

| 2023/24 | 2024/25 |
|---|----------------|
| £000 | £000 |
| 27,586 Cash Payments for the Reduction of Outstanding Liabilities | 7,275 |
| 1,010 Relating to Finance Leases | 1,399 |
| <u>28,596 Net Cash Flows from Financing Activities</u> | <u>8,674</u> |

Notes to the Core Financial Statements

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.

| 2023/24 Integrated Community Equipment Services £000 | | 2024/25 Integrated Community Equipment Services £000 |
|---|---|---|
| | Income | |
| (875) | South East London ICB contribution | (1,320) |
| (2,926) | London Borough of Bromley contribution | (1,905) |
| (3,801) | Gross Income | (3,225) |
| | Expenditure | |
| 4,190 | Integrated Community Equipment Service | 3,936 |
| 4,190 | Gross Expenditure | 3,936 |
| 389 | Deficit / (Surplus) for the Year | 711 |

| 2023/24 Mental Health Services £000 | | 2024/25 Mental Health Services £000 |
|--|--|--|
| | Income | |
| (16,855) | Oxleas NHS Foundation Trust contribution | (19,642) |
| (1,780) | London Borough of Bromley contribution | (1,834) |
| (18,636) | Gross Income | (21,476) |
| | Expenditure | |
| 19,573 | Mental Health Functions | 24,044 |
| 19,573 | Gross Expenditure | 24,044 |
| 937 | Deficit / (Surplus) for the Year | 2,568 |

LBB funded expenditure was £1,778k with an underspend of £56k.

Agreed, half the underspend (£28k) to be invoiced by LBB and Oxleas to retain (£28k) in their accounts.

Notes to the Core Financial Statements

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:

| 2023/24 | | 2024/25 |
|-------------------------|---|-------------------------|
| Better Care Fund | | Better Care Fund |
| £000 | | £000 |
| | Income | |
| (26,984) | Bromley CCG revenue funding | (28,605) |
| (1,084) | Discharge Grant Funding | (1,856) |
| (2,656) | Disabled Facilities capital grant | (3,030) |
| (4,107) | Carry Forward from 2022/23 - Capital | (4,149) |
| 144 | Carry Forward from 2022/23 - Revenue | 308 |
| (34,687) | Gross Income | (37,332) |
| | Expenditure | |
| 27,924 | Revenue expenditure | 30,094 |
| 2,614 | Capital expenditure | 2,734 |
| 30,538 | Gross Expenditure | 32,828 |
| | Deficit / (Surplus) for the Year | |
| | Revenue | (59) |
| (4,149) | Capital | (4,445) |
| (4,149) | | (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.

| 2023/24 | | 2024/25 |
|----------------------------------|---|----------------------------------|
| Improved Better Care Fund | | Improved Better Care Fund |
| £000 | | £000 |
| | Income | |
| (7,731) | Revenue grant funding | (7,731) |
| (1,911) | Carry Forward from 2022/23 | (1,627) |
| (9,642) | Gross Income | (9,358) |
| | Expenditure | |
| 8,014 | Revenue expenditure | 7,885 |
| 8,014 | Gross Expenditure | 7,885 |
| (1,628) | Deficit / (Surplus) for the Year | (1,473) |

The surplus on both BCF and IBCF has been carried forward to meet agreed priorities in 2024/25.

Notes to the Core Financial Statements

32 Members Allowances

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

| 2023/24 | | 2024/25 |
|--------------|------------|--------------|
| £000 | | £000 |
| 1,150 | Allowances | 1,197 |
| 8 | Expenses | 9 |
| <u>1,158</u> | Total | <u>1,207</u> |

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 2025, the actuary estimated the past service cost in 2024/25 to be £0, (£0 in 2023/24).
- 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 2024/25 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 2024/25 (also £nil in 2023/24).

The following charges have been posted to Non Distributed Costs:

| 2023/24 | | 2024/25 |
|------------|---------------------|------------|
| £000 | | £000 |
| - | Past Service Costs | - |
| 344 | Other Pension Costs | 263 |
| <u>344</u> | | <u>263</u> |

Notes to the Core Financial Statements

34 Officers Remuneration

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

| Disclosure of remuneration for senior employees 2024/25 | 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 £ |
|--|--|--|---|----------------------------|--------------------------------------|---|
| Post holder information (Post title) | | | | | | |
| Chief Executive - A Adetosoye | 265,592 | | 265,592 | 23,113 | | 288,705 |
| Director of Corporate Services- T Shawkat | 186,430 | | 186,430 | 32,037 | | 218,467 |
| Director of Finance - P Turner | 211,873 | 3,250 | 215,123 | 35,796 | | 250,919 |
| Director of Human Resources and Customer Services - C Obazuaye | 218,220 | | 218,220 | 17,185 | | 235,405 |
| #Director of Public Health - N. Lemic-Stojcevic | 203,917 | | 203,917 | - | | 203,917 |
| Director of Environment & Public Protection- C Brand | 184,420 | 9,705 | 194,125 | 15,846 | | 209,971 |
| Director of Housing, Planning & Regeneration- S Bowrey | 193,581 | | 193,581 | 32,037 | | 225,618 |
| Director of Education- J Nehra | 136,925 | - | 136,925 | 23,100 | | 160,025 |
| Director of Children's Services- R Baldwin | 186,430 | | 186,430 | 32,037 | | 218,467 |
| | 1,787,388 | 12,955 | 1,800,343 | 211,151 | - | 2,011,495 |

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

Notes to the Core Financial Statements

34 Officers Remuneration

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

| Disclosure of remuneration for senior employees 2023/24 | 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 |
|--|---|--|---|----------------------------------|--|---|
| Post holder information (Post title) | £ | £ | £ | £ | £ | £ |
| 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 | | 237,462 |
| 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 | | 202,893 |
| 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.

Notes to the Core Financial Statements

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:

| 2023/24 | | | Annual Remuneration | 2024/25 | | |
|-------------------------|---------------------|--------------------|------------------------|-------------------------|---------------------|--------------------|
| Non-School Employees | School Employees | Total Employees | | Non-School Employees | School Employees | Total Employees |
| 98 | 12 | 110 | £50,000-£54,999 | 131 | 11 | 142 |
| 74 | 10 | 84 | £55,000-£59,999 | 75 | 9 | 84 |
| 48 | 1 | 49 | £60,000-£64,999 | 53 | 4 | 57 |
| 36 | 5 | 41 | £65,000-£69,999 | 37 | 3 | 40 |
| 21 | 1 | 22 | £70,000-£74,999 | 24 | 2 | 26 |
| 14 | 1 | 15 | £75,000-£79,999 | 21 | 2 | 23 |
| 10 | 1 | 11 | £80,000-£84,999 | 9 | 1 | 10 |
| 5 | 1 | 6 | £85,000-£89,999 | 12 | 1 | 13 |
| 6 | 2 | 8 | £90,000-£94,999 | 4 | | 4 |
| 6 | | 6 | £95,000-£99,999 | 11 | | 11 |
| 12 | | 12 | £100,000-£104,999 | 3 | 1 | 4 |
| 6 | | 6 | £105,000-£109,999 | 6 | | 6 |
| | | - | £110,000-£114,999 | 5 | | 5 |
| | | - | £115,000-£119,999 | | | - |
| 2 | | 2 | £120,000-£124,999 | 2 | | 2 |
| | | - | £125,000-£129,999 | 1 | | 1 |
| 1 | 1 | 2 | £130,000-£134,999 | | | - |
| | | - | £135,000-£139,999 | 2 | | 2 |
| | | - | £140,000-£169,999 | | | - |
| | | - | £170,000-£174,999 | | 1 | 1 |
| 1 | | 1 | £175,000-£179,999 | | | - |
| 3 | | 3 | £180,000-£184,999 | 1 | | 1 |
| | | - | £185,000-£189,999 | 2 | | 2 |
| | | - | £190,000-£194,999 | 1 | | 1 |
| 1 | | 1 | £195,000-£199,999 | | | - |
| 1 | | 1 | £200,000-£204,999 | 1 | | 1 |
| 1 | | 1 | £205,000-£209,999 | | | - |
| | | - | £210,000-£214,999 | 1 | | 1 |
| | | - | £215,000-£219,999 | 1 | | 1 |
| | | - | £220,000-£254,999 | | | - |
| 1 | | 1 | £255,000-£259,999 | | | - |
| | | - | £260,000-£264,999 | | | - |
| | | - | £265,000-£269,999 | 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.

Notes to the Core Financial Statements

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 | |
|--|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|------------------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 £000s | 2024/25 £000s |
| £0 - £20,000 | | 1 | | | | 1 | | 5 |
| £20,001 - £40,000 | | | 4 | | 4 | - | 32 | |
| £40,001 - £60,000 | | 3 | 6 | | 6 | 3 | 74 | 20 |
| £60,001 - £80,000 | | | - | | 3 | - | 60 | |
| £80,001 - £100,000 | | | - | | 2 | - | 67 | |
| £100,001 - £150,000 | | | | | | | | |
| £150,001 - £200,000 | | | | | | | | |
| £200,001 - £250,000 | | | | | | | | |
| £250,001 - £300,000 | | | | | | | | |
| Total | - | 4 | 15 | - | 15 | 4 | 233 | 25 |

In 2024/25 the total cost of £25k (£233k in 2023/24) 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.

Notes to the Core Financial Statements

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:

| 2023/24 | | 2024/25 |
|------------|--|------------|
| £000 | | £000 |
| | Fees payable to Ernst & Young LLP with regard to: | |
| 334 | - External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts) | 362 |
| | - Pension Fund audit fee | - |
| 30 | Fees payable to KPMG LLP for the certification of grant claims returns for the year | 30 |
| | Fees payable to Grant Thornton for Teachers Pension Review | - |
| <u>364</u> | | <u>392</u> |

Notes to the Core Financial Statements

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 2024/25 are as follows:

| | Central Expenditure £000 | Individual Schools Budget £000 | Total £000 |
|--|--------------------------------|---|----------------|
| Final DSG for 2024/25 before academy and high | | | |
| a needs recoupment | | | 388,858 |
| b Academy and high needs figure recouped for 2024/25 | | | 269,851 |
| Total DSG after academy and high needs recoupment | | | |
| c for 2024/25 | | | 119,007 |
| d Plus: Brought forward from 2023/24 | | | |
| e Less: Carry-forward to 2025/26 agreed in advance | | | - |
| f Agreed initial budgeted distribution in 2024/25 | 63,737 | 55,271 | 119,007 |
| g In-year adjustments | | 80 | 80 |
| h Final budget distribution for 2024/25 | 63,737 | 55,351 | 119,087 |
| i Less: Actual central expenditure | 74,576 | | 74,576 |
| j Less: Actual ISB deployed to schools | | 55,351 | 55,351 |
| k Plus: Local authority contribution for 2024/25 | | | - |
| l In-year carry-forward to 2025/26 | (10,839) | - | (10,839) |
| m Plus: Carry-forward to 2025/26 agreed in advance | | | - |
| n Carry-forward to 2025/26 | | | - |
| o DSG unusable reserve at the end of 2023/24 | | | (16,222) |
| p Addition to DSG unusable reserve at the end of 2024/25 | | | (10,839) |
| q Total of DSG unusable reserve at the end of 2024/25 | | | (27,061) |
| r Net DSG position at the end of 2024/25 | | | (27,061) |

- (a) Final DSG figure before any amount has been recouped from the authority as published
- (b) Figure recouped from the authority in 2024/25 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 2024/25, as published March 2025.
- (d) Figure brought forward from 2023/24. 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 2025/26 rather than distribute in 2024/25 – this may be the difference between estimated and final DSG for 2024/25, 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.

Notes to the Core Financial Statements

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 2023/24 made during 2024/25 on the basis of January 2024 numbers.
- (h) Budgeted distribution of DSG as at the end of the financial year.
- (i) Actual amount of central expenditure items in 2024/25 – 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 2024/25 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 2024/25, 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 2025/26 already agreed (Item E5).
- (n) Total carry-forward on central expenditure (item L20) plus carry-forward on ISB (item L21) plus/minus any carry-forward to 2022/23 already agreed (item E5)
- (o) DSG unusable reserve at end of 2023/24 (if any) – any amount placed in the unusable reserve at the end of 2020/21, 2021/22, 2022/23 or 2023/24 in accordance with the MHCLG amending regulations.
- (p) Any addition to DSG unusable reserve in 2024/25 as a result of an in-year deficit in
- (q) Total of DSG unusable reserve at end of 2024/25; this is the total of O25 and P26.
- (r) Net DSG position at the end of 2024/25; 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.

Notes to the Core Financial Statements

37 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24 and 2024/25.

| <i>Credited to Taxation and Non Specific Grant Income</i> | 2023/24 | 2024/25 |
|---|----------------|----------------|
| | £000 | £000 |
| <u>Revenue Grants:</u> | | |
| Business Rates Related Grant Income | 23,591 | 27,061 |
| Revenue Support Grant | 425 | |
| New Homes Bonus | 9 | 409 |
| Local Support Services Grant | 1,957 | 269 |
| Levy Account Surplus Grant | - | 323 |
| New Burdens Grant | - | 28 |
| Funding Guarantee | - | 172 |
| | 25,982 | 28,262 |
| Total Government Grants | 25,982 | 28,262 |
| Other Capital Grants and Contributions: | 7,537 | 12,358 |
| Total Credited to Taxation and Non Specific Grant Income | 33,519 | 40,620 |

| <i>Credited to Services</i> | 2023/24 | 2024/25 |
|--|----------------|----------------|
| | £000 | £000 |
| <u>Revenue Grants:</u> | | |
| Dedicated Schools Grant | 100,284 | 118,966 |
| Housing Benefit & Council Tax | 76,555 | 73,554 |
| Section 31 Grants | 23,591 | 27,061 |
| Public Health | 16,120 | 16,530 |
| Other Miscellaneous Grants under £1m | 9,346 | 11,777 |
| Social Care Support Grant | 9,004 | 12,734 |
| Adult Social Care Support | 6,369 | 7,661 |
| Homelessness Prevention Grant | 4,865 | 4,904 |
| Improved Better Care Fund Additional | 4,636 | 4,636 |
| Market Sustainability & Fair Cost of Care Fund | 4,490 | 5,209 |
| Homes for Ukraine | 3,828 | 3,956 |
| Household Support Fund | 3,736 | 3,736 |
| - Special School 6th Form | 2,928 | 2,981 |
| Local Support Services Grant | 1,957 | 269 |
| Improved Better Care Fund | 1,904 | 1,904 |
| Early Years Supplementary Grant | 1,670 | 1,256 |
| Unaccompanied Asylum Seekers | 1,575 | 2,230 |
| Pupil Premium | 1,387 | 1,374 |
| Winter Pressures | 1,190 | 1,190 |
| Discharge Funding | 1,084 | 1,806 |
| Supporting Families (Formerly Troubled Families) | 473 | 1,195 |
| Energy Bills Support Scheme Alternative Funding | 122 | - |
| | 277,114 | 304,929 |

Notes to the Core Financial Statements

37 Grant Income continued

| <i>Credited to Services continued</i> | 2023/24 £000 | 2024/25 £000 |
|---------------------------------------|-------------------------|-------------------------|
| Capital Grants: | | |
| Basic Need | 6,166 | 1,765 |
| Disabled Facilities Grant | 2,656 | 3,031 |
| Maintenance in Schools | 388 | 463 |
| Childcare Expansion | 565 | |
| Devolved Formula Capital | 55 | |
| Other Capital Grants | | |
| | <u>9,830</u> | <u>5,259</u> |
| Total Government Grants | <u>277,114</u> | <u>304,929</u> |
| Other Grants and Contributions: | | |
| Other Grants and Contributions | 9,228 | 11,507 |
| Section 106 Developers Contributions | 86 | 1,184 |
| Total Contributions | <u>9,314</u> | <u>12,690</u> |
| Total Credited to Services | <u>286,428</u> | <u>317,620</u> |

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

| <i>Grants Receipts in Advance (Revenue)</i> | 2023/24 £000 | 2024/25 £000 |
|---|-------------------------|-------------------------|
| Homes for Ukraine | 3,583 | 835 |
| Section 106 Developers Contributions - Revenue | 2,487 | 3,455 |
| ASC - Accelerated Reform Grant Funding | 547 | 1,174 |
| Housing Benefits | 111 | |
| Education | 30 | |
| UKSPF Revenue Funding | 250 | |
| Other Miscellaneous Grants | 109 | 142 |
| MOPAC Grant | | 140 |
| Total Grants | <u>7,117</u> | <u>5,746</u> |
| <i>Grants Receipts in Advance (Capital)</i> | | |
| Section 106 Developers Contributions - Capital | 5,407 | 5,273 |
| Total Capital Grants & Contributions | <u>5,407</u> | <u>5,273</u> |
| Total Receipts in Advance | <u>12,524</u> | <u>11,019</u> |

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 2025 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 2024/25 is shown in Note 32. During 2024/25, there are no declarable related party transactions:-

Officers

- i) During 2024/25 £10.3m 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 £811k was paid to the Fund (£958k was paid in 2023/24). In 2024/25, £825k was charged to the Fund for expenses incurred in administering the Fund (£921k in 2023/24).

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.

Notes to the Core Financial Statements

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.

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| Opening Capital Financing Requirement | 73,302 | 73,748 |
| <i>Capital investment</i> | | |
| Property, Plant and Equipment | 44,507 | 46,903 |
| Long term debtors | - | - |
| Revenue Expenditure Funded from Capital under Statute | 5,872 | 7,067 |
| | <u>50,378</u> | <u>53,970</u> |
| <i>Sources of finance</i> | | |
| Capital receipts | 28,271 | 27,372 |
| Government grants and other contributions | 14,557 | 15,459 |
| Sums set aside from revenue: | | |
| Direct revenue contributions | 5,734 | 2,390 |
| Minimum Revenue Provision | 215 | 1,473 |
| Finance Leases Repaid/Terminated | 1,156 | 1,493 |
| | <u>49,933</u> | <u>48,187</u> |
| Movement in Capital Financing Requirement | 446 | 5,783 |
| <i>Closing Capital Financing Requirement</i> | 73,748 | 79,531 |
| <i>Explanation of movements in year</i> | | |
| Increase/(Reduction) in underlying need for borrowing (unsupported by government financial assistance) | 271 | 4,175 |
| Assets acquired under finance leases | 175 | 1,608 |
| Increase/(decrease) in Capital Financing Requirement | <u>446</u> | <u>5,783</u> |

Notes to the Core Financial Statements

40 Leases

Authority as Lessee

The Authority's lease contracts comprise leases of operational land and buildings, vehicles, plant & machinery. Most are individually immaterial; However, material leases include:

Details of any material leases:

The authority has a housing lease called Beehive Affordable Homes which is regarded as an material lease.

Right-of-use assets

The table shows the change in the value of right-of-use assets held under leases by the authority.

| | Land and Buildings £000 | Vehicles, Plant and Equipment £000 | Total £000 |
|-------------------------------|-------------------------------|---|---------------|
| Balance as at 1 April 2024 | 30,290 | 7,869 | 38,159 |
| Additions | - | 1,608 | 1,608 |
| Revaluations | 6,206 | - | 6,206 |
| Depreciation and Amortisation | 624 | 1,081 | 1,704 |
| Disposals | - | 1,048 | 1,048 |
| Balance as at 31 March 2025 | <u>37,120</u> | <u>11,605</u> | <u>48,725</u> |

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases.

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| <u>Comprehensive income & expenditure statement</u> | | |
| Interest expense on lease liabilities | 501 | 960 |
| Expense relating to short-term leases | - | - |
| Expense relating to exempt leases of low-value items | - | - |
| Variable lease payments not included in the measure lease liabilities | - | - |
| Income from subletting right of use assets | - | - |
| Gains or arising from sale and leaseback transactions | - | - |
| <u>Cash flow statement</u> | | |
| Minimum lease payments | 1,014 | 1,399 |

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

| | 31st March 2024 £000 | 31st March 2025 £000 |
|--------------------------------|----------------------------|-------------------------|
| Less than one year | 1,014 | 1,399 |
| One to five years | 4,589 | 4,148 |
| More than five years | 23,436 | 23,271 |
| Total undiscounted liabilities | <u>29,038</u> | <u>28,819</u> |

Notes to the Core Financial Statements

40 Leases continued

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:

As at 31st March 2025, the Authority holds no finance leases, so the below analysis only applies on the Council's Operating Leases.

Transactions under leases

The authority made the following gains and losses as a lessor during the year

| | 2023/24 £000 | 2024/25 £000 |
|--|-----------------|-----------------|
| <u>Operating Leases</u> | | |
| Total lease income | 8,518 | 7,373 |
| Share of lease income relating to variable lease payments that do not depend on an index or a rate | - | - |

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

| | Finance Leases | | Operating Leases | |
|--|----------------|------------|------------------|------------|
| | 31st March | 31st March | 31st March | 31st March |
| | 2024 | 2025 | 2024 | 2025 |
| | £000 | £000 | £000 | £000 |
| Less than one year | - | - | 7,006 | 6,604 |
| More than one and less than five years | - | - | 18,130 | 13,975 |
| More than five years | - | - | 27,465 | 39,908 |
| Total undiscounted receivables | - | - | 52,601 | 60,487 |

Notes to the Core Financial Statements

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 years and the contract became 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 2025 was £56 m and the total cost of the Waste Collection contract to 31st March 2025 was £96 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 with the option of a five year extension by mutual agreement

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 £33.8m to 31st March 2025, (£28.8m to 31 March 2024).

Notes to the Core Financial Statements

42 Impairment Losses/(Reversals)

During 2024/25 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.

| 2023/24 | | 2024/25 |
|---------------|-------------------------------|---------------|
| £000 | | £000 |
| 6,594 | Property, Plant and Equipment | 4,451 |
| 4,648 | Assets Held for Sale | 11,399 |
| 11,242 | | 15,850 |

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

| 2023/24 | | 2024/25 |
|---------------|---|---------------|
| £000 | | £000 |
| (192) | Adult Care and Health Services | 1 |
| (186) | Children, Education and Families | 89 |
| 10,351 | Environment & Community Services | 1,544 |
| (353) | Renewal, Recreation and Housing | 15,838 |
| 1,622 | Resources, Commissioning and Contracts Management | (1,622) |
| 11,242 | | 15,850 |

43 Termination Benefits

The Authority terminated the contracts of a number of employees in 2024/25 incurring liabilities of £25k (£233k in 2023/24) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2024/25 related to 4 employees across all departments of the Authority (15 employees in 2023/24).

Notes to the Core Financial Statements

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 2025, 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 2024 and 2025, prepared by the Council's actuary, Mercer.

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

| | 2023/24 | 2024/25 |
|--|----------|----------|
| | £000 | £000 |
| <u>Comprehensive Income & Expenditure Statement</u> | | |
| Current service cost | 10,571 | 10,435 |
| Curtailments | - | 41 |
| Administration Costs | 612 | 630 |
| Total included in Cost of Services | 11,183 | 11,106 |
| <u>Financing & Investment Income & Expenditure</u> | | |
| Net Pensions interest cost | (11,716) | (15,584) |
| Interest on asset ceiling | 11,551 | 15,422 |
| Total included in Surplus or Deficit on the Provision of Services | 11,018 | 10,944 |
| <u>Other Benefits Charged to the Comprehensive Income & Expenditure Statement</u> | | |
| Remeasurement of Net Defined Benefit Obligation | 402 | 248 |
| <u>Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement</u> | 11,420 | 11,192 |
| <u>Movement in Reserves Statement</u> | | |
| Reversal of net charges to the Surplus or Deficit on the Provision of Services | (11,018) | (10,944) |
| Employers' contributions and benefits payable direct to pensioners | 10,875 | 11,685 |
| | (143) | 741 |
| Actual return on scheme assets | 95,501 | 34,882 |

Notes to the Core Financial Statements

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 | |
|---|-----------|-----------|-------------------|---------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 |
| | £000 | £000 | £000 | £000 |
| Present value of defined benefit obligation | (712,352) | (625,639) | (2,540) | 2,047 |
| Fair value of plan assets | 1,027,094 | 1,029,280 | - | - |
| Net liability from defined benefit obligation | 314,742 | 403,641 | (2,540) | 2,047 |

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

| | LGPS | | Unfunded Benefits | |
|-------------------------------------|----------|----------|-------------------|---------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 |
| | £000 | £000 | £000 | £000 |
| Opening Liability | 712,190 | 712,352 | 1,995 | 2,540 |
| Current service cost | 10,571 | 10,435 | - | - |
| Interest on pension liabilities | 33,440 | 33,845 | 85 | 113 |
| Member Contributions | 4,256 | 4,514 | - | - |
| Remeasurement (gains)/losses: | | | | |
| Experience | 5,878 | (926) | 963 | (4) |
| Financial assumptions | (9,590) | (84,846) | (14) | (113) |
| Demographic assumptions | (9,074) | (1,994) | (38) | (7) |
| Past service costs | | | | |
| Curtailments | - | 41 | - | - |
| Settlements | - | - | - | - |
| Benefits paid | (35,319) | (47,782) | (451) | (482) |
| Closing Liability (Defined Benefit) | 712,352 | 625,639 | 2,540 | 2,047 |

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

| | LGPS | | Unfunded Benefits | |
|-------------------------------------|-----------|-----------|-------------------|---------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 |
| | £000 | £000 | £000 | £000 |
| Opening fair value of scheme assets | 952,843 | 1,027,094 | | |
| Interest on plan assets | 45,241 | 49,542 | | |
| Remeasurements (assets) | 50,261 | (14,661) | | |
| Administration Expenses | (612) | (630) | | |
| Contributions by employer | 10,424 | 11,203 | 451 | 482 |
| Contributions by scheme members | 4,256 | 4,514 | | |
| Settlements | | | | |
| Benefits paid | (35,319) | (47,782) | (451) | (482) |
| Closing fair value of scheme assets | 1,027,094 | 1,029,280 | - | - |

In 2024/25, the net liability changed from a deficit of £2.54m to a deficit of £2.05m

This was mainly due to the fair value of plan assets increasing more than the defined benefit obligation.

The actual return on plan assets in the year was a loss of £34.9m (loss of £95.5m in 2023/24).

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £714.9m 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 £2.05m. 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.

Notes to the Core Financial Statements

44 Disclosure of Information about Retirement Benefits continued

(d) Fair Value of LGPS assets

| | Fair value of scheme assets | |
|------------------|-------------------------------------|-------------------------------------|
| | As at 31st March 2024 £000 | As at 31st March 2025 £000 |
| Equities | 582,655 | 543,460 |
| Government bonds | 25,827 | 23,673 |
| Other bonds | 123,089 | 112,191 |
| Property Funds | 61,170 | 134,836 |
| Other | 175,065 | 161,597 |
| Cash / liquidity | 59,288 | 53,523 |
| | 1,027,094 | 1,029,280 |

(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 2025.

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

| | As at 31st March 2024 | As at 31st March 2025 |
|--|-----------------------------|-----------------------------|
| Longevity at 65 for pensioners retiring today (years): | | |
| Men | 21.8 | 21.8 |
| Women | 24.1 | 24.1 |
| Longevity at 65 for pensioners retiring in 20 years (years): | | |
| Men | 22.8 | 22.8 |
| Women | 25.8 | 25.8 |
| Rate of inflation - CPI | 2.7% | 2.6% |
| Rate of increase in salaries | 4.2% | 4.1% |
| Rate of increase in pensions | 2.8% | 2.7% |
| Rate for discounting scheme liabilities | 4.9% | 5.8% |

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 2024/25. In 2019/20 the Government 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 | 591,425 |
| + 0.25% on inflation rate | 646,642 |
| + 0.25% on pay growth | 629,935 |
| +1 year on life expectancy | 640,957 |

(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 10 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 £15.72m in 2024/25. The weighted average duration of the defined benefit obligation for scheme members is 16 years as at 31st March 2025 (16 years as at 31st March 2024).

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 2024/25, Bromley paid into the Pension Fund a total contribution of £11.158m (17.7% of total pensionable pay). This included allowance for surplus offset contributions of 0.6% of pensionable pay. This compares to £10.423m (17.7%), The overall contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations and the Funding Strategy adopted by the Fund. The contributions in 2024/25 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 total rate payable prior to 2023/24

(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 2024/25, Bromley paid £1.04m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 28.8% of teachers' pensionable pay. The figures for 2023/24 were £805k 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 2023/24 and 2024/25.

(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 2024/25, the Authority made £70k in payments to the NHS scheme (14.3% of payroll) in respect of these staff (£57k and 13.1% in 2023/24).

Notes to the Core Financial Statements

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 2024/25 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 3 joint venture (JV) agreements, More Homes Bromley LLP, Meadowship Homes LLP & Meadowship Homes 2 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.
- 4) Litigation or threatened litigation - arising from various disputes in respect of contracts, landlord/tenant dispute and an appeal in an Employment Tribunal claim by foster carers against LBB (and two other London boroughs) likely to proceed to the Court of Appeal, due to issues of wider public interest. The timeline for final resolution of the disputes are not known as is the potential outcome therefore provision has been made for payment of legal costs/compensation in the event of a negative outcome for LBB.
- 5) Subsidence claims – several pending claims for compensation arising from Tree Preservation Orders which are not covered by existing public liability insurance. The timeline for final resolution of the disputes are not known as is the potential outcome, therefore provision has been made for payment of legal costs/compensation in the event of a negative outcome for LBB.

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 2024/25 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 3 joint venture (JV) arrangements, More Homes Bromley LLP, Meadowship Homes LLP and Meadowship Homes 2 LLP. 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 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.

Notes to the Core Financial Statements

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 2024/25 was approved by Full Council in February 2024 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 (£232.4m) 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 2025 that this was likely to materialise.

No breaches of the Council's counterparty criteria occurred during 2024/25 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

Notes to the Core Financial Statements

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:

| | Lifetime Expected Credit Loss - Simplified Approach | |
|-------------------------------------|---|-----------------|
| | 2023/24 £000 | 2024/25 £000 |
| Debtors held at Amortised Cost | | |
| Opening Balance as at 1st April | 23,449 | 23,067 |
| Amounts Written Off | 1,226 | 2,774 |
| Changes in Models / Risk Parameters | (1,608) | (918) |
| Balance as at 31st March | 23,067 | 24,923 |

Credit Risk Exposure

A summary of the credit risk ratings (Fitch) of the Council's investments as at 31/03/24 are shown below. 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 | 18,169 |
| | AA- | 15,535 |
| | A+ | 41,518 |
| | A | 20,628 |
| | N/A | 48,170 |
| | | 144,020 |
| Investments Measured at Fair Value through Profit or Loss | N/A | 88,343 |
| Total Investments | | 232,363 |

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 2024 £000 | As at 31st March 2025 £000 |
|------------------------|-------------------------------------|-------------------------------------|
| Less than three months | 6,325 | 10,799 |
| Three to six months | 5,183 | 1,913 |
| Six months to one year | 2,346 | 3,702 |
| More than one year | 12,145 | 11,325 |
| | 25,999 | 27,739 |

Notes to the Core Financial Statements

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 2024 £000 | | Principal Sum Invested as at 31st March 2025 £000 | |
|--|---------------------------|--|--|
| 213,800 | Less than one year | 128,100 | |
| 13,095 | Between one and two years | 11,288 | |
| 87,591 | More than two years | 87,638 | |
| 314,486 | | 227,026 | |

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 2024/25 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 rate movements.

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 last valued during 2024/25 and the below reflects the most recent valuations of the Council's Heritage Assets both disclosed in the accounts and outside of the accounts depending on whether they meet the de minimus threshold.

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 £1.339m 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 | 2023/24 £000 | 2024/25 £000 |
|---|-------|-----------------|-----------------|
| <i>Income</i> | | | |
| Amounts receivable from Council Tax payers | (1) | 256,404 | 273,367 |
| Income collectable from Business Rate payers | (2) | 83,048 | 84,763 |
| Income Collectable from Business Rate Supplement | (3) | 2,112 | 2,078 |
| | | <u>341,564</u> | <u>360,208</u> |
| <i>Expenditure</i> | | | |
| Precepts / Demands | | | |
| - London Borough of Bromley | | 189,176 | 200,016 |
| - Greater London Authority | | 58,215 | 63,780 |
| Business Rates | (2) | | |
| - Payments to National Pool | | | |
| - Payment to Central Government (DLUHC) | | 22,371 | 29,948 |
| - Payment to Greater London Authority (GLA) | | 25,083 | 33,577 |
| - Payment to London Borough of Bromley | | 20,337 | 27,225 |
| - Cost of Collection | | 316 | 313 |
| Business Rate Supplement | (3) | | |
| - Contribution to GLA | | 2,106 | 2,073 |
| - Cost of Collection/Administrative Costs | | 6 | 6 |
| Bad and Doubtful Debts / Appeals | | | |
| - Write offs | | 728 | 743 |
| - Provision for Appeals | | 2,514 | (6,451) |
| - Increase / (decrease) in bad debt provision | | 3,532 | 2,741 |
| | | <u>324,384</u> | <u>353,971</u> |
| <i>Surplus for the Year</i> | | <u>(17,180)</u> | <u>(6,237)</u> |
| Distribution of Previous Year's Collection Fund Surplus | | | |
| - London Borough of Bromley | | 5,400 | 5,900 |
| - Greater London Authority | | 3,172 | 763 |
| | | <u>8,572</u> | <u>6,663</u> |
| <i>Net Movement on Fund Balance</i> | | <u>(8,608)</u> | <u>426</u> |
| | | £000 | £000 |
| <i>Fund Balance</i> | | | |
| Balance at 1st April | | 7,503 | (1,105) |
| Net movement for year | | (17,180) | (6,237) |
| Distribution of Prior Year Surplus | | 8,572 | 6,663 |
| Balance at 31st March - Deficit / (Surplus) | | <u>(1,105)</u> | <u>(679)</u> |

THE COLLECTION FUND

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 2024 £000 | Distribution of Surplus in 2023/24 £000 | Surplus for 2024/25 £000 | Surplus as at 31st March 2025 £000 |
|---------------------------|---|--|---|---|
| London Borough of Bromley | (6,156) | 5,900 | (4,625) | (4,881) |
| Greater London Authority | 1,507 | 763 | (1,461) | 809 |
| | (4,649) | 6,663 | (6,086) | (4,072) |

The balance of the surplus held at 31st March 2024 will be distributed in 2025/26 and the 2025/26 surplus will be distributed in 2026/27.

Business Rates Balance split into its attributable parts:

| | Deficit as at 31st March 2024 £000 | Distribution of estimated Deficit in 2023/24 £000 | Deficit for 2024/25 £000 | Deficit as at 31st March 2025 £000 |
|---------------------------|---|--|---|---|
| London Borough of Bromley | 1,063 | (803) | (848) | 1,018 |
| Greater London Authority | 1,312 | (990) | (1,047) | 1,255 |
| Central Government | 1,169 | (884) | (933) | 1,120 |
| | 3,544 | (2,677) | (2,828) | 3,393 |

The surplus held at 31st March 2025 of £2,828k will be distributed in 2025/26 and 2026/27.

| | |
|---|--------------|
| Council Tax and Business Rates Net Deficit / (Surplus) | (679) |
|---|--------------|

THE COLLECTION FUND

Notes to the Accounts

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 | 1,343 | 6/9 | 895 |
| B | 6,859 | 7/9 | 5,335 |
| C | 23,192 | 8/9 | 20,615 |
| D | 30,757 | 9/9 | 30,757 |
| E | 26,655 | 11/9 | 32,578 |
| F | 17,154 | 13/9 | 24,778 |
| G | 13,138 | 15/9 | 21,897 |
| H | 1,631 | 18/9 | 3,262 |
| | | | 140,117 |
| Allowance for MOD properties, changes in exemptions, discounts and number of properties | | | (2,533) |
| | | | 137,584 |
| Estimated Collection Rate | | | 98.34% |
| Council Tax Base 2024/25 | | | 135,300 |

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 2025 was assessed by the Government's District Valuer as £245,656,256. The national non-domestic multiplier for the year was 54.6p. The income collectable for the year of £84.8m (£83m 2023/24) is net of revaluations, allowance for empty properties, provision for non collection, transitional and mandatory reliefs 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 £2.078m (£2.112m in 2023/24) 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 2025

| | Fund 1 | Fund 2 | TOTAL |
|--|---------------|---------------|-----------------|
| | £000 | £000 | £000 |
| Balance as at 1st April 2024 | (275) | (428) | (703) |
| Movement in year on ex LRB functions: | | | |
| Income (note 1) | (2) | (562) | (564) |
| Interest earnings on Fund balance (note 2) | (12) | (26) | (38) |
| Contribution to Fund (note 3) | | | |
| Expenditure | 7 | 293 | 301 |
| Distribution (note 1) | | | |
| Balance as at 31st March 2025 | <u>(281)</u> | <u>(723)</u> | <u>(1,004)</u> |

Balance Sheet as at 31st March 2025

| 2024 | | 2025 |
|-------------|--------------------|--------------|
| £000 | | £000 |
| | Assets | |
| 37 | Debtors | 37 |
| <u>37</u> | | <u>37</u> |
| 666 | Cash | 967 |
| <u>703</u> | | <u>1,004</u> |
| | Liabilities | |
| 275 | Fund 1 | 281 |
| 428 | Fund 2 | 723 |
| - | Creditors | - |
| <u>703</u> | | <u>1,004</u> |

Notes to accounts

1) *Income & Distribution*

During 24/25 expenditure was £301k mainly due to legal costs
Similar to 23/24, 24/25 income will be withheld to recoup balances

2) *Interest*

Interest for 2024/25 has been added to Fund 1 and Fund 2
This has been calculated at £38k

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

PENSION FUND

PENSION FUND ACCOUNT

[illegible]

PENSION FUND

NET ASSETS STATEMENT

| 31st March 2024 | | | | 31st March 2025 | |
|-----------------|-----------|---|----|-----------------|-----------|
| £000 | £000 | | | £000 | £000 |
| | | Long term investments | | | |
| | 150 | Shares in London Collective Investment Vehicle (CIV) | 10 | | 150 |
| | | Investment assets | 10 | | |
| | 402,364 | Equities | | | 393,637 |
| | | Pooled funds | 10 | | |
| 210,227 | | Fixed income | | 206,337 | |
| 431,588 | | Global equities | | 419,791 | |
| 244,067 | | Multi-asset income | | 240,356 | |
| | 885,882 | | | | 866,484 |
| | | Other investments | 10 | | |
| 85,569 | | Pooled property investments | | 200,352 | |
| | 85,569 | | | | 200,352 |
| 9,360 | | Cash deposits held by investment managers | | 12,883 | |
| 29,623 | | Money market funds | | 3,630 | |
| 6,605 | | Investment income due | | 6,958 | |
| | 45,588 | | | | 23,471 |
| | 1,419,403 | Total investment assets | | | 1,483,944 |
| | 1,419,553 | Total net investments | 10 | | 1,484,094 |
| | 1,082 | Long-term debtors | 14 | | 813 |
| | | Current assets | 13 | | |
| 7,421 | | Short term lending | | 0 | |
| 18,268 | | Cash balances | | 4,823 | |
| 3,768 | | Debtors | | 2,619 | |
| | 29,457 | | | | 7,442 |
| | | Current liabilities | | | |
| (7,025) | | Creditors | 13 | (1,273) | |
| 0 | | Short term borrowing | | (5,380) | |
| | (7,025) | | | | (6,653) |
| | 1,443,067 | Net assets of the fund available to fund benefits at the end of the reporting period | | | 1,485,695 |

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.

PENSION FUND

Notes to the Accounts

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 2024/25 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 2025 and 2024.

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Number of employers | 134 | 134 |
| Number of employees in scheme | | |
| London Borough of Bromley | 2,040 | 1,942 |
| Other employers | 4,815 | 4,584 |
| | <u>6,855</u> | <u>6,526</u> |
| Number of pensioners | | |
| London Borough of Bromley | 4,731 | 4,566 |
| Other employers | 1,630 | 1,573 |
| | <u>6,361</u> | <u>6,139</u> |
| Deferred pensioners | | |
| London Borough of Bromley | 2,976 | 2,964 |
| Other employers | 3,716 | 3,702 |
| | <u>6,692</u> | <u>6,666</u> |
| Total number of members in pension scheme | <u>19,908</u> | <u>19,331</u> |

PENSION FUND

Notes to the Accounts

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 2024/25, 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 2024/25, 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 2024/25 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 2024/25, 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.

PENSION FUND

Notes to the Accounts

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 £21.3million at the Balance Sheet date, equivalent to 1.4% 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.

PENSION FUND

Notes to the Accounts

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.

PENSION FUND

Notes to the Accounts

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 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 2025.

Level 2 - Fidelity and Schroders fixed income and multi asset funds

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.

PENSION FUND

Notes to the Accounts

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

| | 2023/24 £000 | 2024/25 £000 |
|---------------------------------------|-----------------|-----------------|
| Employer Contributions | | |
| L.B. Bromley part of Fund | | |
| L.B. Bromley - normal | 10,056 | 11,006 |
| Scheduled bodies - Foundation Schools | 168 | 194 |
| | <u>10,224</u> | <u>11,200</u> |
| Other | | |
| Scheduled bodies - normal - academies | 15,275 | 16,101 |
| - normal - colleges | 930 | 1,195 |
| Admitted bodies - normal | 1,134 | 968 |
| - deficit funding | 478 | 478 |
| | <u>28,041</u> | <u>29,942</u> |
| Member Contributions | | |
| L.B. Bromley part of Fund | | |
| L.B. Bromley | 4,000 | 4,522 |
| Scheduled bodies - Foundation Schools | 118 | 72 |
| | <u>4,118</u> | <u>4,594</u> |
| Other | | |
| Scheduled bodies - academies | 4,617 | 4,773 |
| - colleges | 489 | 622 |
| Admitted bodies | 377 | 369 |
| | <u>9,601</u> | <u>10,358</u> |

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

Benefits Payable

| 6 | 2023/24 £000 | 2024/25 £000 |
|---------------------------------------|-----------------|-----------------|
| Pensions | | |
| L.B. Bromley part of Fund | 18,653 | 20,007 |
| Scheduled bodies - Foundation Schools | 13,989 | 15,005 |
| Admitted bodies | 2,374 | 2,546 |
| | <u>35,016</u> | <u>37,558</u> |
| Lump Sum Benefits - retirement | | |
| L.B. Bromley part of Fund | 3,891 | 4,798 |
| Scheduled bodies - Foundation Schools | 24 | 785 |
| Admitted bodies | 514 | 200 |
| | <u>4,429</u> | <u>5,783</u> |
| Lump Sum Benefits - death | | |
| L.B. Bromley part of Fund | 934 | 264 |
| Scheduled bodies - Foundation Schools | 58 | 315 |
| Admitted bodies | - | 12 |
| | <u>992</u> | <u>591</u> |

PENSION FUND

Notes to the Accounts

7 Management Expenses

| | 2023/24 | 2024/25 |
|---|--------------|--------------|
| | £000 | £000 |
| Administrative costs | 743 | 770 |
| London CIV implementation & service chg | 101 | 98 |
| External audit costs | 16 | 136 |
| Investment management expenses | 6,088 | 7,322 |
| Oversight and governance costs | 419 | 484 |
| | <u>7,367</u> | <u>8,810</u> |

8 Investment Management Expenses

| | 2023/24 | 2024/25 |
|-------------------|--------------|--------------|
| | £000 | £000 |
| Management fees | 5,678 | 7,068 |
| Custody fees | 274 | 103 |
| Transaction costs | 136 | 151 |
| | <u>6,088</u> | <u>7,322</u> |

9 Investment Income

| | 2023/24 | 2024/25 |
|-----------------------------|---------------|---------------|
| | £000 | £000 |
| Income from equities | 10,049 | 12,808 |
| Pooled property investments | 5,816 | 9,192 |
| Pooled investments | 21,811 | 24,151 |
| Interest on cash deposits | 753 | 1,872 |
| | <u>38,429</u> | <u>48,023</u> |

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 2025 were as follows:

Global equities: 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 2024 and 2025 was divided between the Fund managers as follows:

| | 31st March 2024 | | 31st March 2025 | |
|--------------------------------|------------------|----------------|------------------|----------------|
| | £000 | % | £000 | % |
| LCIV - Pooled global equities | 431,588 | 30.86% | 419,791 | 28.48% |
| Fidelity - fixed income | 210,227 | 15.03% | 206,337 | 13.99% |
| - multi-asset income | 123,668 | 8.84% | 119,998 | 8.14% |
| - pooled property | 59,898 | 4.28% | 164,656 | 11.17% |
| - USD liquidity fund | 14,435 | 1.03% | 3,630 | 0.25% |
| MFS - global equities | 412,554 | 29.50% | 403,755 | 27.38% |
| MS Northaven - US property | 25,671 | 1.84% | 35,696 | 2.42% |
| Schroders - multi-asset income | 120,399 | 8.61% | 120,359 | 8.16% |
| London CIV | 150 | 0.01% | 150 | 0.01% |
| | <u>1,398,590</u> | <u>100.00%</u> | <u>1,474,371</u> | <u>100.00%</u> |

PENSION FUND

Notes to the Accounts

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 2024 | 31st March 2025 |
|-----------------------------|--------------------|--------------------|
| | £000 | £000 |
| Multi-Asset Income Fund (2) | 244,067 | 240,356 |
| Global Equities Funds (1) | 431,588 | 419,791 |
| Property Funds (2) | 85,569 | 200,352 |
| Sterling Bond Funds (1) | 210,227 | 206,337 |
| | <u>971,451</u> | <u>1,066,836</u> |

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

| | Value at 31st March 2024 | Purchases | Sales | Change in value | Value at 31st March 2025 |
|------------------------------|--------------------------------|----------------|------------------|---------------------|--------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Equities | 402,364 | 86,582 | (105,662) | 10,353 | 393,637 |
| Pooled investments | 885,882 | 65,470 | (65,470) | (19,398) | 866,484 |
| Pooled property investments | 85,568 | 106,929 | (7,951) | 15,806 | 200,352 |
| | <u>1,373,814</u> | <u>258,981</u> | <u>(179,083)</u> | <u>6,761</u> | <u>1,460,473</u> |
| Money market funds | 29,623 | | | 138 | 3,630 |
| Cash deposits | 9,360 | | | (82) | 12,883 |
| Investment income due | 6,605 | | | | 6,958 |
| Net investment assets | <u>1,419,402</u> | | | <u>6,818</u> | <u>1,483,944</u> |

| | 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) | 85,568 |
| | <u>1,233,626</u> | <u>583,020</u> | <u>(562,034)</u> | <u>119,202</u> | <u>1,373,814</u> |
| 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 | <u>1,270,059</u> | | | <u>119,001</u> | <u>1,419,402</u> |

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 £151k (£136k in 2023/24). 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.

PENSION FUND

Notes to the Accounts

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 2024 | | 31st March 2025 | |
|---------------------------------------|-----------------|------------|-----------------|------------|
| | £000 | % of total | £000 | % of total |
| Fidelity | | | | |
| - Institutional Aggregate Bond Fund | 210,227 | 14.57 | 206,337 | 13.89 |
| - Diversified Income Fund | 123,668 | 8.57 | 119,998 | 8.08 |
| - UK Real Estate Fund | 59,898 | 4.15 | 164,656 | 11.08 |
| LCIV BG - Global Equities Fund | 431,588 | 29.91 | 419,791 | 28.26 |
| Schroders - Global Multi Asset Income | 122,018 | 8.46 | 120,359 | 8.10 |

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 2025 | | | |
|---|-----------------------|----------------|----------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Financial assets at fair value through profit and loss | | | | |
| Equities | 393,637 | | | 393,637 |
| Pooled investments | 419,791 | 446,693 | | 866,484 |
| Pooled property investments | | | 200,352 | 200,352 |
| Cash deposits held by managers | 12,883 | | | 12,883 |
| Cash balances | 8,453 | | | 8,453 |
| Investment income due | 6,958 | | | 6,958 |
| | 841,722 | 446,693 | 200,352 | 1,488,767 |
| Total | 841,722 | 446,693 | 200,352 | 1,488,767 |

PENSION FUND

Notes to the Accounts

11 Fair Value Hierarchy (continued)

There were no transfers between levels during 2024/25

| | As at 31st March 2024 | | | |
|---|-----------------------|------------------|------------------|------------------|
| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'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 |
| Cash deposits held by managers | 9,368 | | | 9,368 |
| Cash balances | 47,891 | | | 47,891 |
| Investment income due | 6,605 | | | 6,605 |
| | 897,816 | 454,294 | 85,569 | 1,437,679 |
| Total | 897,816 | 454,294 | 85,569 | 1,437,679 |

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 |

PENSION FUND

Notes to the Accounts

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 | <ul style="list-style-type: none"> •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 | <ul style="list-style-type: none"> •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 2025, potential market movements (%), value on increase and decrease respectively.

PENSION FUND

Notes to the Accounts

11b Fair Value Hierarchy (continued)

| | Unquoted and private equity £'000 | Property £'000 | Total £'000 |
|----------------------------------|--|---------------------------|------------------------|
| Value as at 31 March 2024 | 150 | 85,568 | 85,718 |
| Purchases | | 106,929 | 106,929 |
| Sales | | (7,951) | (7,951) |
| Unrealised gains and losses * | | 19,272 | 19,272 |
| Value as at 31 March 2025 | 150 | 203,818 | 203,968 |

* 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 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 |

PENSION FUND

Notes to the Accounts

Classification of Financial Instruments

| 2023/24 | | | 2024/25 | | |
|---|---|--|---|---|--|
| <i>Fair value through profit and loss</i> | <i>Financial assets at amortised cost</i> | <i>Financial liabilities at amortised cost</i> | <i>Fair value through profit and loss</i> | <i>Financial assets at amortised cost</i> | <i>Financial liabilities at amortised cost</i> |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Financial Assets | | | | | |
| 885,882 | | | 866,484 | | |
| 402,364 | | | 393,637 | | |
| 85,569 | | | 200,352 | | |
| 9,368 | | | 12,883 | | |
| 6,605 | | | 6,958 | | |
| | 150 | | | 150 | |
| 47,891 | | | 8,453 | | |
| | 3,768 | | | 2,619 | |
| | 7,421 | | | 0 | |
| | 1,031 | | | 813 | |
| 1,437,679 | 12,370 | | 1,488,767 | 3,582 | |
| Financial Liabilities | | | | | |
| | | | | | (5,380) |
| | | (7,025) | | | (1,273) |
| | | (7,025) | | | (6,653) |
| 1,437,679 | 12,370 | (7,025) | 1,488,767 | 3,582 | (6,653) |
| Net Financial Assets | | | | | |

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.

| | 2023/24 | 2024/25 |
|--|---------------|--------------|
| | £000 | £000 |
| <u>Short term debtors</u> | | |
| Contributions due from employers and employees | 1,943 | 2,084 |
| Other | 619 | 535 |
| | 2,562 | 2,619 |
| Cash balances | 18,268 | 4,823 |
| Short term lending | 7,421 | 0 |
| Total current assets | 28,251 | 7,442 |
| <u>Current liabilities</u> | | |
| Fund management fees | 541 | 412 |
| Short term borrowing | 0 | 5,380 |
| Other | 6,484 | 861 |
| | 7,025 | 6,653 |

Long term debtors

| | 2023/24 | 2024/25 |
|--|--------------|------------|
| | £000 | £000 |
| <u>Long term debtors</u> | | |
| Repayment of Exit Agreement | 287 | 0 |
| Reimbursement of lifetime tax allowances | 795 | 813 |
| | 1,082 | 813 |

PENSION FUND

Notes to the Accounts

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 exists, 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 |
|---|--------------|--------------|
| | % p.a. | % p.a. |
| <u>Economic assumptions</u> | | |
| 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 |
| <u>Mortality assumptions</u> | <u>Years</u> | <u>Years</u> |
| 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 2025 (£1,056m as at 31st March 2024).

| | 31 March | 31 March |
|---|----------------|----------------|
| | 2024 | 2025 |
| | £000 | £000 |
| Present value of promised retirement benefits | -1,056,000 | -1,056,000 |
| Fair value of scheme assets (bid value) | 1,443,066 | 1,485,695 |
| Net liability | 387,066 | 429,695 |

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.

PENSION FUND

Notes to the Accounts

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:

| | 2024 | 2025 |
|---|--------|--------|
| | % 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.

PENSION FUND

Notes to the Accounts

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 2023/24 and 2024/25 and the total value of AVC Funds as at 31st March 2024 and 2025 is shown below.

| | 2023/24 | 2024/25 |
|----------------------------|------------|------------|
| | £000 | £000 |
| AVC contributions | | |
| - to Aviva | 13 | 48 |
| Total contributions | 13 | 48 |
| | | |
| | 2023/24 | 2024/25 |
| | £000 | £000 |
| Market Value | | |
| - Aviva | 604 | 599 |
| - Utmost Life & Pensions | 60 | 62 |
| Total Market Value | 663 | 661 |

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 £8,498 was paid to the Chairman of the Committee in 2024/25 (£8,250 in 2023/24). No other payments were made for meeting attendance.

The Council incurred costs of £0.830m (£1.415m 2023/24) 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.

| | 2023/24 | 2024/25 |
|--------------------------|-----------|-----------|
| | £000 | £000 |
| Short-term benefits | 17 | 18 |
| Post-employment benefits | 5 | 3 |
| | 22 | 21 |

PENSION FUND

Notes to the Accounts

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

The Code of Practice on Local Authority Accounting in the United Kingdom 24/25 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 2024/25, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same.

PENSION FUND

Notes to the Accounts

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

Other price risk - Sensitivity Analysis

| Asset type | Value as at 31.03.2025 £000 | Potential market movements (+/-) | Value on increase £000 | Value on decrease £000 |
|-------------------------------|-----------------------------------|---|------------------------------|------------------------------|
| UK bonds | 206,756 | 3.29% | 213,559 | 199,953 |
| Overseas bonds | (419) | 2.50% | (430) | (409) |
| UK quoted equities | 40,657 | 5.29% | 42,808 | 38,506 |
| UK unquoted equities | 150 | 0.00% | 150 | 150 |
| Overseas equities | 352,980 | 4.87% | 370,171 | 335,789 |
| Pooled investments | 539,789 | 4.44% | 563,771 | 515,806 |
| Overseas pooled investments | 120,359 | 5.00% | 126,377 | 114,341 |
| Pooled property investments | 164,656 | 6.43% | 175,243 | 154,068 |
| Overseas property investments | 35,696 | 6.43% | 37,991 | 33,401 |
| Total | 1,460,622 | | 1,529,640 | 1,391,605 |

| Asset type | Value as at 31.03.2024 £000 | Potential market | Value on increase £000 | Value on decrease £000 |
|-------------------------------|-----------------------------------|---------------------|------------------------------|------------------------------|
| UK bonds | 211,330 | 2.74% | 217,120 | 205,540 |
| Overseas bonds | (1,103) | 2.74% | (1,133) | (1,073) |
| UK quoted equities | 462,177 | 21.2% | 560,159 | 364,195 |
| UK unquoted equities | 150 | 0 | 150 | 150 |
| Overseas equities | 371,176 | 21.2% | 449,865 | 292,487 |
| Pooled investments | 245,687 | 4.50% | 256,743 | 234,631 |
| Pooled property investments | 59,898 | 7% | 64,091 | 55,705 |
| Overseas property investments | 25,671 | 7% | 27,468 | 23,874 |
| Total | 1,374,986 | | 1,574,463 | 1,175,509 |

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.

PENSION FUND

Notes to the Accounts

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

Currency Risk - Sensitivity Analysis

| Assets exposed to currency risk | Asset value as at 31.03.2025 £000 | Potential market movement | Value on increase £000 | Value on decrease £000 |
|---|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Overseas bonds | (419) | (42) | (461) | (377) |
| Overseas equities | 352,980 | 35,298 | 388,278 | 317,682 |
| Overseas pooled investments | 120,359 | 12,036 | 132,395 | 108,323 |
| Overseas pooled property | 35,696 | 3,570 | 39,266 | 32,126 |
| Cash and cash equivalents | 12,867 | 1,287 | 14,154 | 11,580 |
| Total change in assets available to pay benefits | 521,482 | 52,149 | 573,631 | 469,333 |

| Assets exposed to currency risk | Asset value as at 31.03.2024 £000 | Potential market movement | Value on increase £000 | Value on decrease £000 |
|---|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Overseas bonds | (1,103) | (110) | (1,213) | (993) |
| Overseas equities | 371,176 | 37,118 | 408,294 | 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 | 40,512 | 445,624 | 364,600 |

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

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.

PENSION FUND

Notes to the Accounts

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 £164.7m and £35.7m respectively as at 31st March 2025, representing 13.5% of investment assets (£59.9m (4.2%) and £25.7m (1.8%) as at 31st March 2024).

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 reporting 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 31.03.2025 £000 | Impact of 1% decrease £000 | Impact of 1% increase £000 |
|--------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents | 12,867 | 12,738 | 12,996 |
| Fixed interest bonds | 206,337 | 204,274 | 208,400 |
| Total | 219,204 | 217,012 | 221,396 |

| Exposure to interest rate risk | Asset values as at 31.03.2024 £000 | Impact of 1% decrease £000 | Impact of 1% increase £000 |
|--------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents | 9,368 | 9,274 | 9,462 |
| Fixed interest bonds | 210,227 | 208,125 | 212,329 |
| Total | 219,595 | 217,399 | 221,791 |

PENSION FUND

Notes to the Accounts

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 2024/25

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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.

A central element of the Council's approach to sustainability and service improvement is the Transforming Bromley Programme, a cross-cutting transformation strategy that underpins efforts to maintain a financially sustainable Council in the face of increasing demand and reducing resources. Refreshed and relaunched in 2024, this four year programme focuses on managing demand and delivering cost effective services. This includes modernising service delivery, adopting innovative practices, reducing waste and improving efficiency across departments. By challenging existing models of delivery and driving innovation, the Transforming Bromley Programme supports the Council's ability to meet its statutory duties and community expectations while managing long-term financial pressures.

The system of internal control is an important part of the governance framework, 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 2025 and up to the date of approval of the 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. The Transforming Bromley Programme plays a vital role in this context, enabling the Council to reshape how it operates, reduce its dependency on traditional service models, and maximise value from every pound spent—ensuring Bromley remains resilient and responsive to the needs of its residents.

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 five areas as requiring further work during 2025/26 and these are detailed below.

Progress made in dealing with the governance issues identified in the 2023/24 Annual Governance Statement is detailed on pages 25 to 31.

| Governance Issue | Action | Lead Officer |
|--|--|----------------------------|
| Finance A balanced budget for 2025/26 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 April 2025, there remains a "budget gap" of £26.6m in 2026/27 reducing slightly to £24.9m per annum in 2028/29. There is also an average annual Dedicated Schools Grant deficit of around £4m for the period 2026/27 to 2028/29, with the Government's statutory override still in place. The projections assume mitigation and transformation savings of £33.4m in 2026/27 rising to £52.5m per annum by 2028/29. 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 2026/27 have to be treated with some caution, particularly as the Government's next Spending Review is awaited and the review of the funding system (previously known as the Fair Funding Review) | <p>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 have been 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:</p> <p>Draft 2025/26 Budget and Update on Council's Financial Strategy for 2026/27 to 2028/29</p> <p>Further details of the updated capital funding strategy can be found in:</p> <p>Capital Strategy 2025/26 to 2028/29</p> | Director of Finance |

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 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 addressed with the 2020/21 and 2021/22 accounts published during 2023/24. The 2022/23 draft accounts were published in July 2024 and 2023/24 in October 2024.

However, in concluding their audit of the 2023/24 accounts, Ernst & Young (EY) issued three written recommendations which were considered and agreed by full Council in April 2025:

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

The Council has previously 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.

In response to the written recommendations from the external auditor, management will conduct a review of the finance function workflow, capacity and quality assurance process, with progress to be monitored by the Audit and Risk Management Committee.

Further information can be found in:

[Written Recommendations from the External Auditor](#)

Director of Finance

Head of Corporate Finance and Accounting

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: The Council should 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.

Dedicated Schools Grant (DSG) deficit

Financial pressures on the DSG are acknowledged as a national issue in the former 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 £3bn, with more than 30 LAs supported with bailouts through Safety Valve and Delivering Better Value programmes.

Through prudent financial management and a range of

An updated Dedicated Schools Grant (DSG) Deficit Recovery Management Plan was produced and presented to the Education and Skills Funding Agency (ESFA), following consideration by the Schools Forum and Children, Education and Families PDS Committee.

The Council is proposing to establish a new 200-place secondary special school, which it is forecast could save c£3m per annum by the third year of operation. The Council proposes to fund the associated capital cost through borrowing contained within the Dedicated School Grant, for which an application has been made to disapply the Funding Regulations. Discussions are ongoing with the ESFA as to whether this will be approved.

Members have approved a £300k reduction in Alternative Provision funding, which will reduce expenditure for 2025/26.

Officers are working to reduce the number and rate of EHCPs where possible within the constraints of the national SEND

Director of Education

| | | |
|---|--|--|
| <p>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. These local financial challenges have since continued to increase, with the deficit position having increased to £24m by the end of 2024/25. 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 Paragraph 9 of Provisional Final Accounts 2023/24 to Executive on 22 May 2024 Provisional Final Accounts - 2023/24) 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 creates a negative impact on the Council's overall financial position.</p> <p>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.</p> <p>Bromley has a high rate of Education, Health and Care Plans (EHCPs), with growth exceeding national and London comparators. Despite high demand, Bromley average expenditure per EHCP (£1,085) is 61% lower than London (£1,755) and 55% less than national (£1,692) averages.</p> | <p>system, including through the cessation of Plans where appropriate.</p> | |
| <p>Housing/Homelessness</p> <p>The numbers of households who approached as homeless reduced slightly during the year as a result of proactive prevention and partnership work to address this.</p> | <p>To date there has been a 5% reduction in homeless approaches and a 2.5% reduction in homeless acceptances.</p> <p>A full review of the homelessness and allocations service has been undertaken</p> | <p>Director of Housing, Planning and Regeneration</p> |

Continuing uncertainty in the housing market particularly in respect of the proposed Renters Rights Bill, meant that procuring private sector accommodation continues to be more costly and challenging. Despite procuring 175 private rented properties, the most successful procurement in recent years, this remains an insufficient solution in isolation to meet demand.

There remains a substantial reliance on the provision of temporary accommodation (TA), which is increasingly volatile; with prices remaining high.

Consequently, the numbers in Nightly Paid Accommodation rose last year whilst numbers in the more affordable forms of TA continue to decrease. 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; on average 80% of placements during the year were outside of borough boundaries. 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 away from the borough boundaries to ensure that we were able to meet our statutory obligations in respect of Housing.

and the arising action plan seeks to strengthen and enhance the level of prevention activity and move-on from temporary accommodation either under the relief duty or discharge of the main homelessness duty; this includes increased home visiting and mediation alongside the continued strengthening of the private rented model to ensure it is as attractive as possible in order to increase access to private sector accommodation.

Phase 2 of the Meadowship acquisition programme is nearing completion. This 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 has delivered 3 sites and a further 4 sites are now in progress. This is a 3-year programme overseen by the AD Culture and Regeneration.

A review of landlord incentives was completed and a pilot scheme offering landlord insurance was trialled. This runs alongside an on-going advertising campaign, negotiations for block booking arrangements and inspections against the Service Level Agreements 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.

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.

In addition to this grant funding has been secured for a self-delivery acquisition scheme of c. 50 homes within the borough. This is being led on by the AD for Property.

A new set of Housing KPIs are in place to track the progress against the action plan through the management team, alongside weekly team performance reviews which are then reported through the corporate transformation board and Policy, Development and Scrutiny committee.

Overall the target in place is to reduce the reliance on NPA accommodation by c. 700 households against the forward projections with the team actively working to reduce

Assistant Director – Housing

Assistant Director – Culture and Regeneration

Assistant Director - Property

| | | |
|---|--|--|
| | <p>figures by 10% (c.180 placements) in the year ahead.</p> <p>Progress against actions is reviewed minimum quarterly.</p> | |
| <p>Rising Cost of Residential Care for Children Looked After</p> <p>The cost of residential care for looked after children in the UK is a significant concern. As of 2024/25, the annual national expenditure on children's social care placements has increased from £4.7 billion (22/23) to approximately £5.4 billion (24/25).</p> <p>In Bromley our children in care numbers have remained relatively stable at 47 per 10 000 (24/25). This is a slight decrease from 23/24 (48 per 10 000). Our average continues to be below the national and statistical neighbour averages and whilst our care numbers have remained stable, we are significantly impacted by the exponential increase in the cost of residential placements as well as the changes in need and complexity for children in care resulting in increased number of children requiring a residential provision. Over the past 5 years the cost of residential placements has increased by 50%, with costs continuing to increase on an almost weekly basis.</p> <p>The pressures in Bromley are also exacerbated by a shortage of local provision and multiple authorities competing for the same placements.</p> | <p>All new placements are agreed at Director level. High costs placements are reviewed monthly at a panel chaired by the AD (Safeguarding and Care Planning)</p> <p>The AD (Safeguarding and Care Planning) reviews all requests for placement moves where the new placement is above £7k per week.</p> <p>Children's Social Care have secured a block contract for 5 residential care beds with a single provider at a reduced weekly cost for a 12-month period with an option to extend for a further 12 months. Officers are currently seeking to enter a second block with a suitable provider. Providers are however reluctant to do so given the current market and the profits they can yield by selling one bed at a time. Work to identify a second provider is ongoing.</p> <p>The Council has purchased a property (March 2025) to establish the first council owned Children's Home. Repairs are scheduled to be completed by late September at which point the application for Ofsted Registration will be submitted with a view to the Home receiving the first child by mid -late January 2026, should the Ofsted registration be completed within the 16-week window indicated by Ofsted.</p> <p>A specialist therapeutic fostering provision, ENCOMPASS, has been established to support children and young people with complex needs who would ordinarily remain in residential care.</p> <p>Children's Services have submitted a bid to the DfE for grant (capital) funding to establish a 2nd Children's Home specifically for Children with Complex needs who require solo placements. Local Authorities will be notified of the outcome following the completion of the spending review (late Spring/early Summer 2025)</p> <p>Children's Services are currently working with the Regeneration Team to test the feasibility of establishing a 3rd Children's Home which would replace the block contracts noted above. This will provide longer term certainty and placement availability given that providers are demonstrating a reluctance to enter block contracts.</p> | <p>Director of Children's Services</p> <p>Assistant Director of Safeguarding and Care Planning</p> <p>Assistant Director of Specialist Services</p> |

3. What is Corporate Governance?

3.1 Definition

The CIPFA/SOLACE 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 2025/26 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 other 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

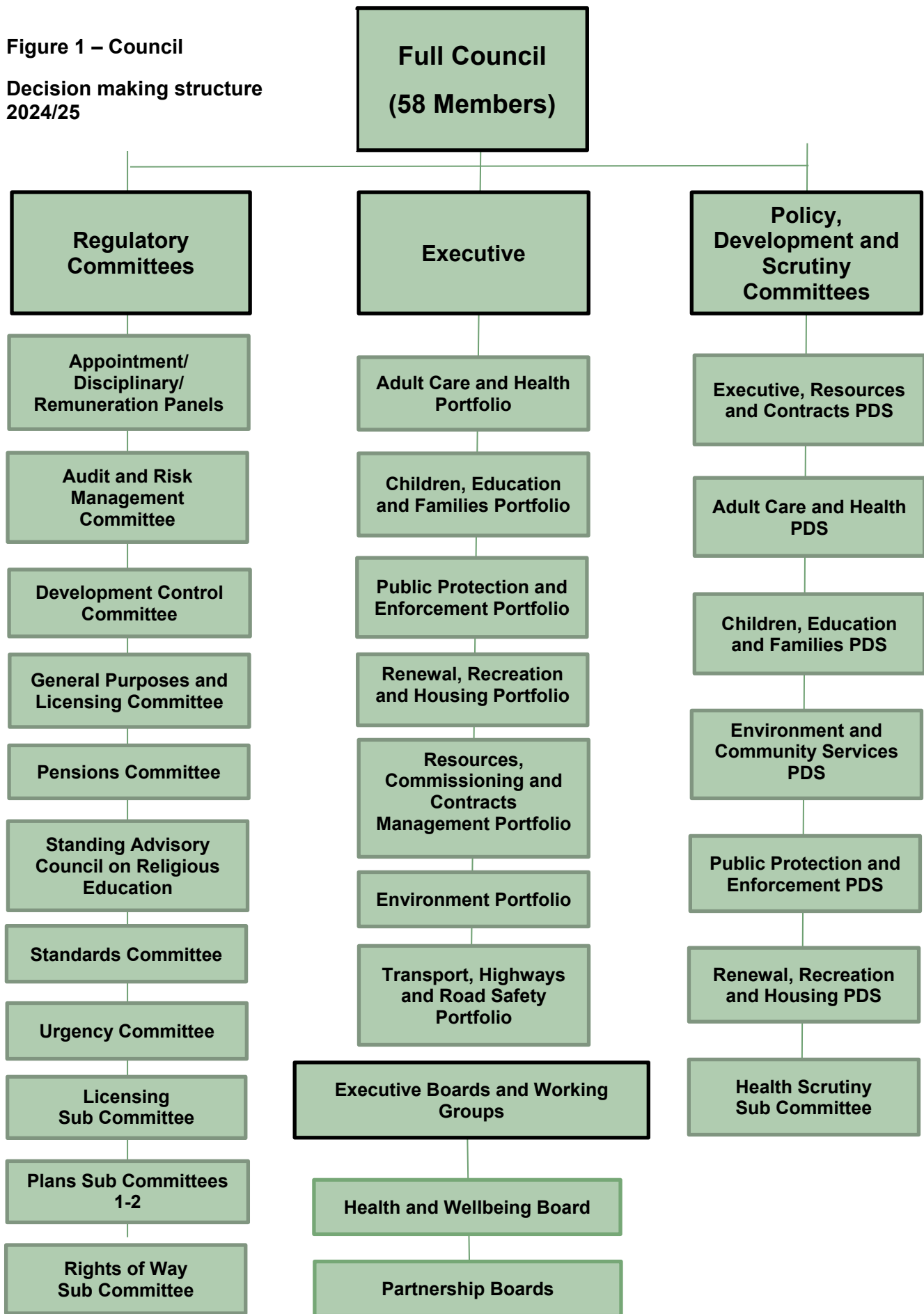
This Annual Governance Statement covers the period 1st April 2024 to 31st March 2025, but it should remain up to date until the accounts are approved and audited.

In the 2024/25 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 2024/25 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
2024/25**



5. The Procurement process

In 2024/2025, 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 currently 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 went live on February 24th 2025 and succeeds the Public Contracts Regulations 2015. The new Regulations introduce 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 Regulations, together with the previous Regulations that still apply for existing contracts, means managing compliance with three sets of Regulations for the next few years. This necessitates a review and update of the Contract Procedure Rules. Consultation on the proposed changes concluded in February 2025 with the proposed revised document being drafted for formal decision expected in Summer 2025. The proposed revisions to the Contract Procedure Rules will include updates to the supporting governance arrangements for procurement decisions which have been unchanged for several years. They are intended to align with recent agreed changes to thresholds for key decisions and updates to the Financial Regulations. All supporting procurement documents and templates have been updated to reflect the requirements of the new Regulations – an audit on preparation for the new Regulations has been completed confirming readiness. Formal procurement training through the Learning & Development Offer has been relaunched, updated for all the new requirements, with high take up – the programme of learning is offered on a rolling basis. Communication, guidance and training is in place to support the transition.

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 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 2024/25](#)

[Children, Education and Families Portfolio Plan 2024/25](#)

[Housing, Planning and Regeneration Portfolio Plan 2024/25 \(Strategic Project Tracker, including Q1 update\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2024/25 \(Operational KPIs, including Q1 update\)](#)

[Environment and Community Services Portfolio Plan 2024/25](#)

[Public Protection and Enforcement Portfolio Plan 2024/25](#)

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

[Adult, Care and Health Portfolio Plan 2024/25 - Quarter Two Update Covering Report \(November 2024\)](#)

[Adult, Care and Health Portfolio Plan 2024/25 - Quarter Two Update \(November 2024\)](#)

[Children, Education and Families Portfolio Plan 2024/25 - Quarter Three Update Covering Report \(March 2025\)](#)

[Children, Education and Families Portfolio Plan 2024/25 - Quarter Three Update \(March 2025\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2024/25 - Quarter Three Update Covering Report \(March 2025\)](#)

[Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2024/25 - Quarter Three Update \(March 2025\)](#)

[Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators 2024/25 - Quarter Three Update \(March 2025\)](#)

[Environment and Community Services Performance Overview 2024/25 – Quarter Three Update Covering Report \(March 2025\)](#)

[Environment and Community Services Performance Overview 2024/25 – Quarter Three Update \(March 2025\)](#)

[Public Protection and Enforcement Performance Overview 2024/25 - Quarter Three Update Covering Report \(March 2025\)](#)

[Public Protection and Enforcement Performance Overview 2024/25 - Quarter Three Update \(March 2025\)](#)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

In 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. This resulted in (among other changes) The Accounts and Audit (Amendment) Regulations 2024 which set statutory 'backstop' dates for all audits for years up to and including 2022/23 to be completed by 13th December 2024 and 2023/24 by 28th February 2025. Where audits could not be 'fully' completed by these dates, they would be subject to 'disclaimed' opinions.

As a result of this EY focused their resources on value for money reporting requirements for 2020/21 to 2023/24 audits and issued disclaimed opinions on the 2020/21 to 2023/24 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. The Pension Fund accounts for those years were audited in full with unqualified opinions issued.

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 2021/22 or 2022/23 during 2024/25 owing to outstanding objections, although they sent their response to the objector in April 2025 with their decision not to issue a public interest report. As a result of the objections the audit could not be formally concluded and an audit certificate issued.

The 2023/24 Audit Completion Report was reported to Audit and Risk Management Committee in March 2025. This audit also could not be concluded and an audit certificate issued until the National Audit Office has confirmed that no further assurances are required.

The draft 2023/24 audit opinion included the recommendations referred to in the Statement of Accounts issue in Section 2 relating to finance team capacity, workflow and quality assurance. There were no other recommendations arising from the value for money assessment.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 22nd January 2025 with the approach on using reserves and other key financial matters reported to Executive on 12th February 2025. 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 2025/26. It is important to note that some caution is required in considering any projections for 2026/27 to 2028/29 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the review of the funding system (previously known as 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 2025/26 Budget and Update on Council's Financial Strategy for 2026/27 to 2028/29](#)

[Council Tax Report 2025/26](#)

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 threats and drivers remain high.

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. The fraud team has undertaken a pro active exercise in Temporary Accommodation in 2024/25 which will continue into 2025/26. The Council is currently assessing its readiness to comply with the new 'Failure to Prevent Fraud' offence which will go live on 1 September 2025. Key findings are that 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?

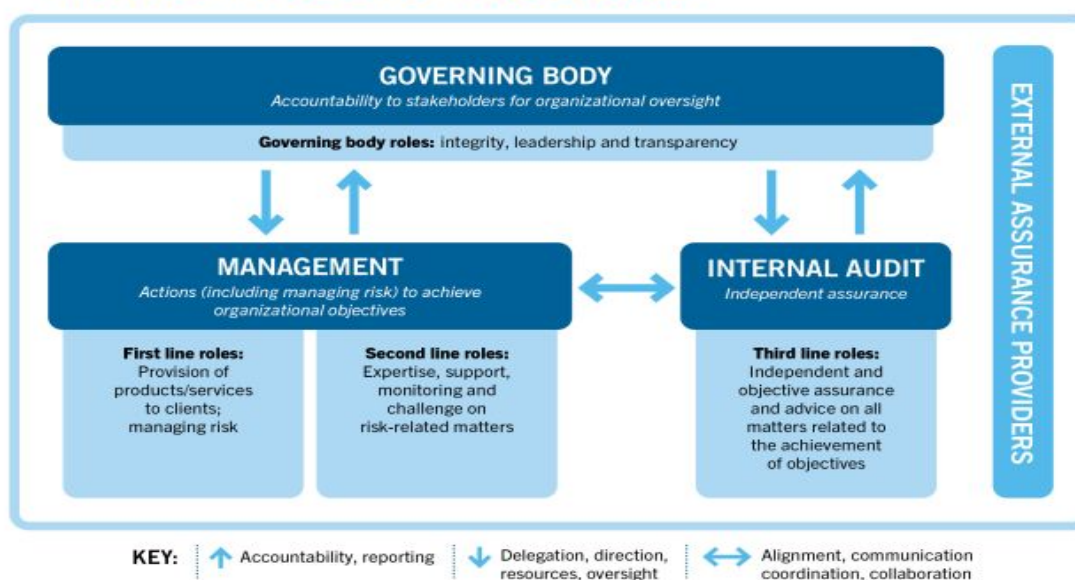
7.1 The Role of Management

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 IIA's Three Lines Model (2020)



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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, Property 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
- Chief Transformation Officer

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 Complaints, 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 17th July 2024 considered the Monitoring Officer's General Report. This updated the Committee on 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 17th July 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 24th March 2025 and was presented to full Council on 7th April 2025.

[Policy, Development and Scrutiny Annual Report 2024/25](#)

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

The Council's Audit and Risk Management Committee considers internal and external audit, risk management and fraud. It met three times in 2024/25 and reports directly to full Council. Two independent Members were appointed to the Committee in 2023/24 and continued to serve on the Committee throughout 2024/25.

[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 |
| | DISCUSS Appraisal Scheme |
| | Executive and Resources PDS Committee Annual Report |
| D | Financial Regulations |
| | Financial Strategy |
| E | Forward Plan of Key Decisions |
| | 'Getting it Right' – Complaints, Compliments and Suggestions |
| F | Gifts and Hospitality Code of Conduct |
| | Head of Audit and Assurance |
| G | Head of Paid Service |
| | Internal and External Audit Reports |
| H | Internal Audit Opinion and Annual Report |
| | Internal Controls |
| I | IT Governance |
| | Leader's Foreword and Statement of Accounts |
| L | Learning and Development |
| | Local Development Framework |
| M | Making Bromley Even Better |
| | Member/Officer Protocol |
| P | Monitoring Officer (Director of Corporate Services and Governance) |
| | Portfolio Plans |
| R | Public Consultations/Meetings |
| | 'Raising Concerns' whistle blowing |
| S | Register of Interests |
| | Risk Management Strategy |
| T | Scheme of Delegation |
| | Section 151 Officer (Director of Finance) |
| T | Statement of Accounts |
| | Treasury Management Strategy |
| | Transforming Bromley |

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 2024, 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 33 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 2024 \(17th July 2024\)](#)

The inspection of the **Youth Justice Service** achieved an “Outstanding” grading, which makes Bromley one of only five Local Authorities across London to be awarded this grading.

[An inspection of Youth Justice Services in Bromley \(23rd to 27th September 2024\)](#)

The inspection of our **Adult Education Services** resulted in a grading of “Good”, with acknowledgement that many aspects of our offer were very strong and impactful.

[Ofsted Inspection of Adult Education Services \(2nd and 3rd October 2024\)](#)

The Joint Targeted Area Inspection (JTAI) of **Bromley’s Safeguarding Children Partnership** concluded that ‘arrangements are well established and effective’.

[Joint Targeted Area Inspection of Bromley \(20th to 24th January 2025\)](#)

The **General Register Office Assurance** review undertaken in January 2025 which provided ‘High’ assurance over Bromley Registrar’s Stock and Security arrangements.

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 for 2024/25 included 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 4th March 2025.

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 2024/25 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 for 2024/25 the HMI Probation Services Youth Justice inspection

The overall opinion for 2024/25 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 2025) 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 was reviewed in 2024/25 to align to public sector best practice and learning from governance failures elsewhere and aims to ensure that the strategy is adequate for the current risk environment. A risk appetite statement was also developed and included within the Strategy.

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 2024/25, the Corporate Risk Management Group met on three occasions. 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 June and November 2024 along with separate commentary from the risk owner on all corporate risks with a net 'High' rating. 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.

The published Corporate Risk Register can be viewed via following the link:- [Corporate Risk Register](#)

9. Looking Back on 2023/24

| Governance Issue | Action | Progress |
|---|---|--|
| <p>Finance</p> <p>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.</p> | <p>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 of over £130m 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:</p> <p>Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28</p> <p>Further details of the updated capital funding strategy can be found in:</p> <p>Capital Strategy 2024/25 to 2027/28</p> | <p>A balanced budget for 2024/25 had been achieved through the Transformation Savings Programme, drawing of reserves, an improved financial settlement and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining.</p> <p>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 2025/26 to 2028/29, 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.</p> <p>There were significant additional cost pressures experienced during 2024/25 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 2024/25 report to Executive in March 2025.</p> <p>Budget Monitoring 2024/25</p> <p>These additional cost pressures have been reflected in the 2025/26 Budget and need to be monitored closely, particularly given the full year impact in future years.</p> |

| | | |
|---|---|--|
| <p>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 November 2022. This situation will continue to be reviewed.</p> | | |
| <p>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 draft accounts were published in July 2024.</p> <p>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".</p> | <p>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.</p> <p>Resources will continue to be reviewed on a regular basis.</p> | <p>The backlog of accounts has now been fully cleared.</p> <p>Following full Council approval in April to accept the recommendations from the external auditor, a review of the finance function workflow, capacity and quality assurance process will be conducted to ensure these issues do not reoccur.</p> |
| <p>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.</p> | <p>A review of the Council's operational estate has been completed.</p> <p>Following this review those properties which are no longer required for operational purposes are being sold.</p> <p>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</p> | <p>Disposals The disposals programme has been progressed with the following sales completed during 2024/25:</p> <ul style="list-style-type: none"> - Civic Centre, Stockwell Close, Bromley - The Cottage, Church House Gardens, Bromley - Parkfield Rec Lodge, Bromley <p>The following sites are under offer:</p> <ul style="list-style-type: none"> - Beckenham Public Halls |

| | | |
|---|--|---|
| | <p>to facilitate the delivery of the Council's various services.</p> <p>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.</p> <p>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 (CAFM) to facilitate property maintenance, ensure Health and Safety compliance and management of the relevant data for audit purposes.</p> | <p>- Churchill Theatre, Bromley</p> <p>Additional sites will be brought forward over the course of 2025/26.</p> <p>Operational Property Review (OPR) The OPR is progressing, with additional works being added by the Extended Property Review which was approved by Executive in January 2025. The leisure centre programme is underway, with the first tranche of wider operational sites currently at the pre-app and/or detailed design to enable works contracts to be tendered.</p> <p>Compliance Following the failure of recruitment for a Compliance Manager on a permanent contract during late 2024, a temporary Compliance Manager has been appointed as of April 2025. As part of the Strategic Property Team restructure, a permanent Compliance Manager and Compliance Officer will be recruited to ensure our statutory duties relating to H&S as landlord and property owner are discharged.</p> <p>Computer Aided Management System (CAFM) The existing CAFM system is held externally by Bellrock along with the helpdesk function, both of which will be bought back in house as part of the restructure. Discussions with procurement to secure a new contract for a Bromley hosted CAFM system are underway.</p> |
| <p>Dedicated Schools Grant (DSG) deficit Financial pressures on the DSG are acknowledged as a national issue in the Government's Green Paper:</p> <p><i>'widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and</i></p> | <p>DSG Deficit Recovery Management Plan to be updated in consultation with the Department for Education (DfE)/Education and Skills Funding Agency (ESFA).</p> | <p>An updated Dedicated Schools Grant (DSG) Deficit Recovery Management Plan was produced and presented to the Education and Skills Funding Agency, following consideration by the Schools Forum and Children, Education and Families PDS Committee.</p> |

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 creates a negative impact on the Council’s overall financial position.

The pressures in Bromley are exacerbated by a shortage of

A comprehensive set of actions are in place to mitigate the shortfall of Government funding to meet high needs expenditure. These include an updated graduated offer of Ordinarily Available Provision and increased focus on early intervention of therapeutic services, including speech and language support.

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| local specialist places and historically limited universal and targeted provision for children with additional needs. | | |
| <p>Housing/Homelessness</p> <p>The numbers of households who approached as homeless rose during the year despite proactive prevention and partnership work to address this.</p> <p>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.</p> <p>This put an increased reliance on the provision of temporary accommodation (TA), which is increasingly volatile; with prices escalating and supply drying up.</p> <p>Consequently, the numbers in Nightly Paid Accommodation (NPA) 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.</p> <p>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</p> | <p>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).</p> <p>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.</p> <p>Conversion of the More Homes Bromley tenancies is an ongoing programme as these become available for letting overseen by the AD Housing.</p> <p>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.</p> <p>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.</p> <p>The Allocations Scheme has been revised and the new scheme was approved in February 2024.</p> <p>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.</p> <p>We are actively pursuing additional grant funding to increase affordable housing supply through development acquisition and empty homes.</p> <p>Progress against actions is reviewed minimum quarterly.</p> | <p>Supply both for alternative temporary accommodation and social housing continues to be a focus in order to drive down the reliance on more costly forms of nightly rate accommodation.</p> <p>Officers continue to engage the market to seek out alternative TA; looking at options such as block bookings to secure preferential rates and exploring longer term leasing arrangements.</p> <p>A review of allocation and nomination arrangements has also been undertaken to increase the priority given for households in temporary accommodation and direct offers to assist in throughput from TA.</p> <p>Whilst there was a marked increase in NPA use early in the year, in the main due to some unforeseen delays in planned supply being completed outside of the Council's control and the withdrawal of a leasing provider from the market, this has now started to slow.</p> |

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| <p>borough boundaries to ensure that we were able to meet our statutory obligations in respect of Housing.</p> | | |
| <p>Environment Contract Sustainability.</p> <p>Contract for the provision of arboricultural services:</p> <p>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).</p> | <p>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. <i>(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.)</i></p> <p>The Council has undertaken a tender for the procurement of additional contractors to supplement the supply chain on a permanent basis. <i>(Completed)</i></p> <p>The Corrective Action Plan process is being used to manage performance <i>(due to conclude by 30 November 2024).</i></p> <p>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. <i>(Completed)</i></p> <p>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. <i>(Any Service Failures not addressed by the end of November</i></p> | <p>The contract with the Neutral Vendor Framework has been completed.</p> <p>An additional four contractors were added to the supply chain on a permanent basis, with these contracts starting on 1st September 2024. A framework was also established for extra resilience.</p> <p>Further changes were agreed via the Change Control Notice process with the original contractor to support their performance, including further reducing the maximum volume of work that would be issued on a monthly basis. Currently, with the exception of emergency call outs, this contractor is not being issued any new work until overdue works are completed.</p> <p>In November 2024, the Council removed unresolved Service Failures from the contract with the original contractor, and the costs for these works were recovered from the contractor. These works have been placed with alternative suppliers for completion.</p> |

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| <p>Contract for the provision of Highways Management</p> <p>Backlog of highways works.</p> | <p><i>2024 will be removed and placed with an alternative supplier for completion.)</i></p> <p>Between May – August 2023 a second contractor was employed to assist in clearing the backlog of works. <i>(Completed)</i></p> <p>Weekly meetings are being held with the contractor in an effort to expedite outstanding works and clear the backlog.</p> <p>Following recent negotiations, the main contractor committed to meet the KPI requirements and complete the overall backlog. <i>(Completed)</i></p> | <p>Completed</p> <p>Weekly meetings are ongoing as part of contract monitoring.</p> <p>Completed</p> |
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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.

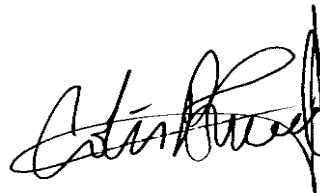
Signed

Ao Adekisoye

Chief Executive

Date 27.06.25

Signed



Leader of the Council

Date 27.06.25

Appendix 1 – Links to Documents

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| 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 2025/26 Budget and Update on Council's Financial Strategy 2026/27 to 2028/29 |
| https://cds.bromley.gov.uk/documents/s50119343/BUDGET%20REPORT%202025-26.pdf | |
| Page 3 | Capital Strategy 2025/26 to 2028/29 |
| cds.bromley.gov.uk/documents/s50119811/Q3 Capital Programme Monitoring Capital Strategy 2025-26.pdf | |
| Page 4 | Written Recommendations from the External Auditor |
| https://cds.bromley.gov.uk/documents/s50121036/WRITTEN%20RECOMMENDATIONS%20FROM%20THE%20EXTERNAL%20AUDITOR.pdf | |
| Page 6 | Provisional Final Accounts 2023/24 |
| https://cds.bromley.gov.uk/documents/s50115421/Outturn%20202324%20committee%20version%20finalv2.pdf | |
| Page 16 | Adult Care and Health Portfolio Plan 2024/25 |
| https://cds.bromley.gov.uk/documents/s50116079/ACH24-030%20ACH%20Portfolio%20Plan%202024-25%20Final%20APPENDIX%202%20ACH%20PDS%2018.06.24.pdf | |
| Page 16 | Children, Education and Families Portfolio Plan 2024/25 |
| https://cds.bromley.gov.uk/documents/s50115709/App.%202%20-%20Draft%20CEF%20Portfolio%20Plan%202024-25.pdf | |
| Page 16 | Housing, Planning and Regeneration Portfolio Plan 2024/25 (Strategic Project Tracker, including Q1 update) |
| https://cds.bromley.gov.uk/documents/s50117363/App.%20A%20-%20Strategic%20Project%20Tracker.pdf | |

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| Page 16 | Housing, Planning and Regeneration Portfolio Plan 2024/25 (Operational KPIs, including Q1 update) |
| https://cds.bromley.gov.uk/documents/s50117364/App.%20B%20-%20HPR%20Operational%20KPIs.pdf | |
| Page 16 | Environment and Community Services Portfolio Plan 2024/25 |
| https://cds.bromley.gov.uk/documents/s50115790/ECS%20Draft%20Portfolio%20Plan%20Appendix%201.pdf | |
| Page 16 | Public Protection and Enforcement Portfolio Plan 2024/25 |
| https://cds.bromley.gov.uk/documents/s50115768/PPE%20Draft%20Portfolio%20Plan%20Appendix%201.pdf | |
| Page 16 | Adult, Care and Health Portfolio Plan 2024/25 - Quarter Two Update Covering Report (November 2024) |
| https://cds.bromley.gov.uk/documents/s50118545/ACH24-059%20Adult%20Care%20and%20Health%20Portfolio%20Plan%202023-24%20Half%20yearly%20update%20ACH%20PDS%2019.11.24.pdf | |
| Page 16 | Adult, Care and Health Portfolio Plan 2024/25 - Quarter Two Update (November 2024) |
| https://cds.bromley.gov.uk/documents/s50118546/ACH%20Portfolio%20Plan%202024-25%20Q2%20update.pdf | |
| Page 16 | Children, Education and Families Portfolio Plan 2024/25 - Quarter Three Update Covering Report (March 2025) |
| https://cds.bromley.gov.uk/documents/s50120556/Children%20Education%20and%20Families%20Portfolio%20Plan%20202425%20Q3%20Update.pdf | |
| Page 16 | Children, Education and Families Portfolio Plan 2024/25 - Quarter Three Update (March 2025) |
| https://cds.bromley.gov.uk/documents/s50120557/App.%201%20-%20CEF%20Portfolio%20Plan.pdf | |
| Page 16 | Housing, Planning and Regeneration Portfolio Plan 2024/25 - Quarter Three Update Covering Report (March 2025) |

<https://cds.bromley.gov.uk/documents/s50120695/HPR%20Portfolio%20Plan%20Update%20-%20202425%20Q3%20Update.pdf>

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Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2024/25 – Quarter Three Update (March 2025)

<https://cds.bromley.gov.uk/documents/s50120696/App.%20A%20-%20Strategic%20Project%20Tracker.pdf>

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Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators 2024/25 – Quarter Three Update (March 2025)

<https://cds.bromley.gov.uk/documents/s50120697/App.%20B%20-%20Operational%20KPIs.pdf>

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Environment and Community Services Performance Overview 2024/25 – Quarter Three Update Covering Report (March 2025)

<https://cds.bromley.gov.uk/documents/s50120586/ECS%20Performance%20Overview.%2025.03%20Main.pdf>

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Environment and Community Services Performance Overview 2024/25 – Quarter Three Update (March 2025)

<https://cds.bromley.gov.uk/documents/s50120587/ECS%20PO%20Appendix.%2013.03.25.pdf>

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Public Protection and Enforcement Performance Overview 2024/25 - Quarter Three Update Covering Report (March 2025)

<https://cds.bromley.gov.uk/documents/s50120674/Public%20Protection%20Enforcement%20Performance%20Overview-Main%20Report.pdf>

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Public Protection and Enforcement Performance Overview 2024/25 - Quarter Three Update (March 2025)

<https://cds.bromley.gov.uk/documents/s50120674/Public%20Protection%20Enforcement%20Performance%20Overview-Main%20Report.pdf>

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| Page 17 | Council Tax 2025/26 |
| cds.bromley.gov.uk/documents/s50119819/Council Tax Report 2025-26 FINAL.pdf | |
| Page 19 | Monitoring Officer's General Report 17th July 2024 |
| https://cds.bromley.gov.uk/documents/s50116498/Monitoring%20Officer%20Report%20July%202024.pdf | |
| Page 20 | Policy, Development and Scrutiny Annual Report 2024/25 |
| https://cds.bromley.gov.uk/documents/s50120887/ERC%20PDS%2024.03.25%20-%20Annual%20Scrutiny%20Report%202025.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 (17th July 2024) |
| https://www.lgo.org.uk/documents/councilperformance/2024/london%20borough%20of%20bromley.pdf | |
| Page 23 | Youth Justice Services in Bromley (23rd to 27th September 2024) |
| https://www.justiceinspectorates.gov.uk/hmiprobation/wp-content/uploads/sites/5/2024/12/An-inspection-of-youth-justice-services-in-Bromley.pdf | |
| Page 23 | Ofsted Inspection of Adult Education Services (2nd and 3rd October 2024) |
| https://files.ofsted.gov.uk/v1/file/50261013 | |
| Page 23 | Joint Targeted Area Inspection of Bromley (20th to 24th January 2025) |
| https://files.ofsted.gov.uk/v1/file/50271495 | |

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| Page 24 | Corporate Risk Register |
| https://www.bromley.gov.uk/downloads/download/145/corporate-risk-register-crr | |
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| Page 25 | 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 | |
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| Page 25 | Capital Strategy 2024/25 to 2027/28 |
| https://cds.bromley.gov.uk/documents/s50113893/Executive%20-%20Capital%20Strategy%20Report.pdf | |
| | |
| Page 25 | Budget Monitoring 2024/25 |
| https://cds.bromley.gov.uk/documents/s50120765/Budget%20Monitoring%20Report%20December%202024.p df | |

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, 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.