

# **2025/26 Statement of Accounts**

**These accounts are subject to audit**



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# NARRATIVE REPORT

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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 2025/26.

## ***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 2025) is 335,319 and there are 245,358 people on the electoral roll. In 2025/26 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 2025-2029 Programme.

## **Council Structure**

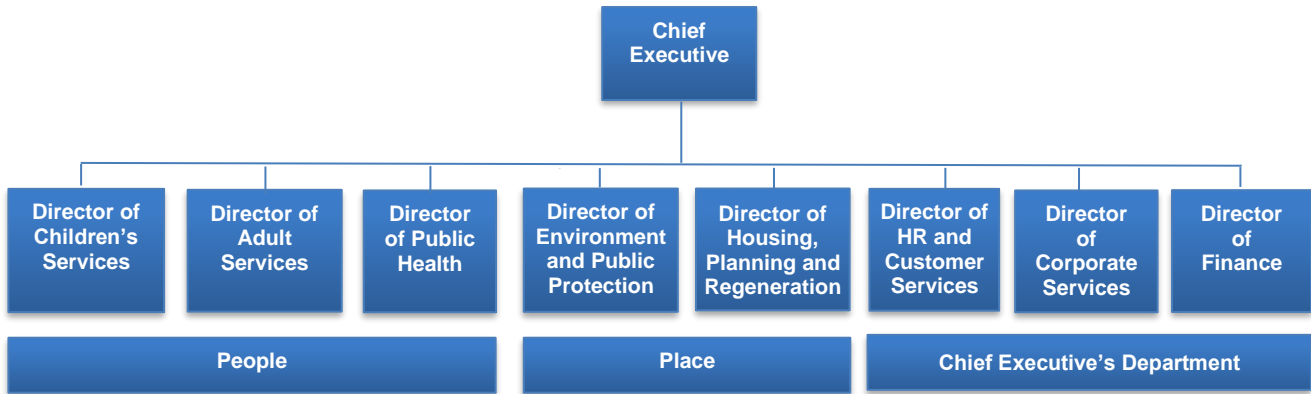
The Council has adopted a Leader and Cabinet model and has 58 Councillors representing 22 wards. There are currently 35 Conservative, 8 Labour, 6 Liberal Democrats, 6 Reform and 3 Chislehurst Matters Councillors.

## **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

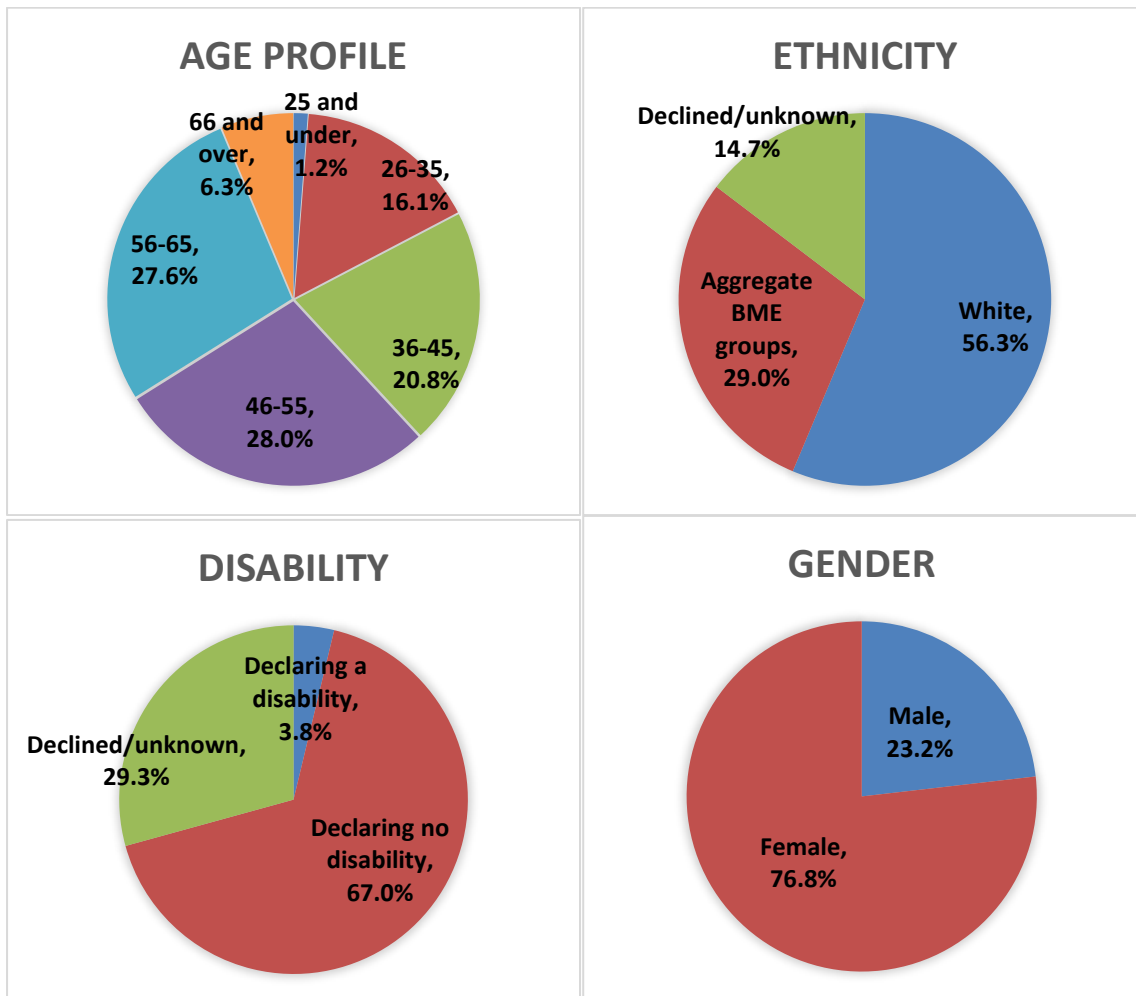
# NARRATIVE REPORT

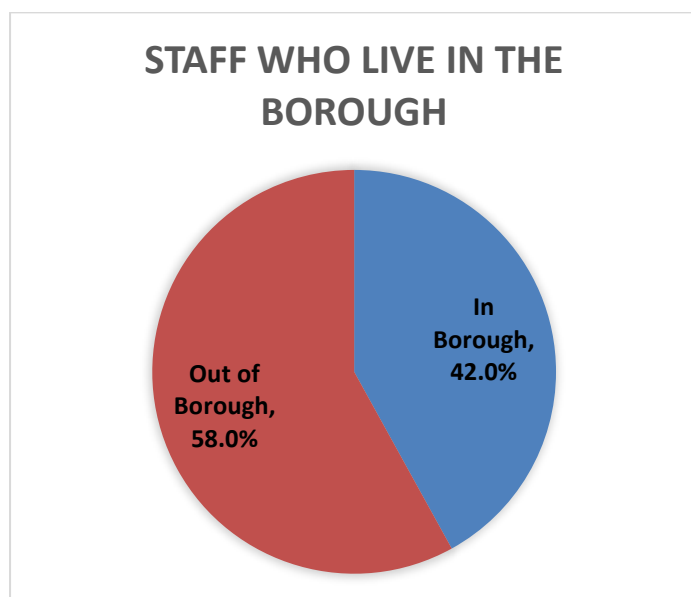


## Bromley Workforce

As at 1 October 2025, the Council employed 1,787 people on full and part-time contracts equating to a full-time equivalent of 1,609.

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 31<sup>st</sup> March. The format and content is prescribed in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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.

# NARRATIVE REPORT

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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 2025/26. The Net Asset Statement sets out the position of the Fund as at 31<sup>st</sup> March 2026. The Council’s Pension Fund is part of the Local Government Pension Scheme (LGPS).

# NARRATIVE REPORT

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## *Financial Performance in 2025/26*

### **Revenue Expenditure**

The 2025/26 outturn position is summarised in the table below:

	Budget £m	Actual £m	Variation £m
Net expenditure	283.974	280.002	(3.972)
Funded by:			
- Grants, Council Tax and Business Rates	(271.219)	(272.256)	(1.037)
- Earmarked reserves	(12.755)	(7.746)	5.009
- Carry forwards from 2024/25	-	-	-
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 2026.

The 2025/26 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 2025/26 were reported on the 24th June 2026 and are available through: [Agenda for Executive on Wednesday 24 June 2026, 7.00 pm](#)

### **Capital Expenditure**

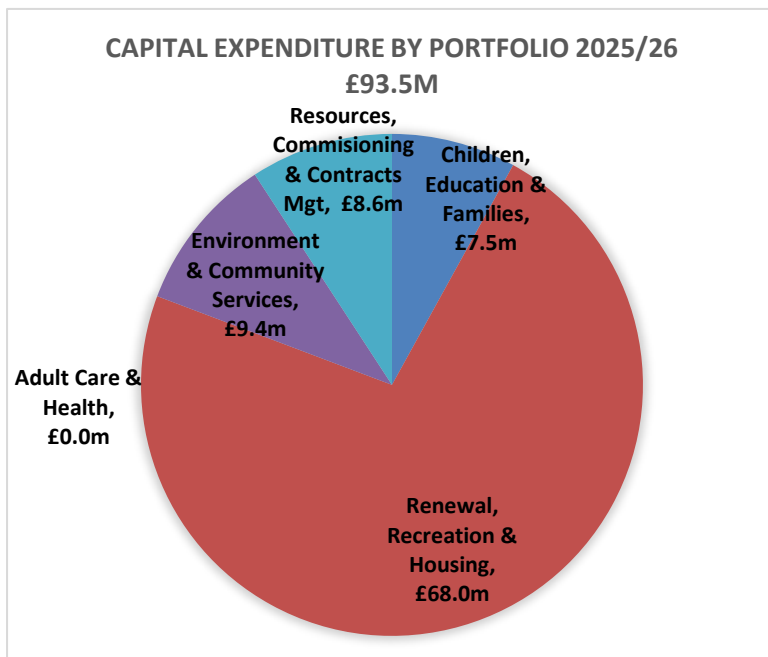
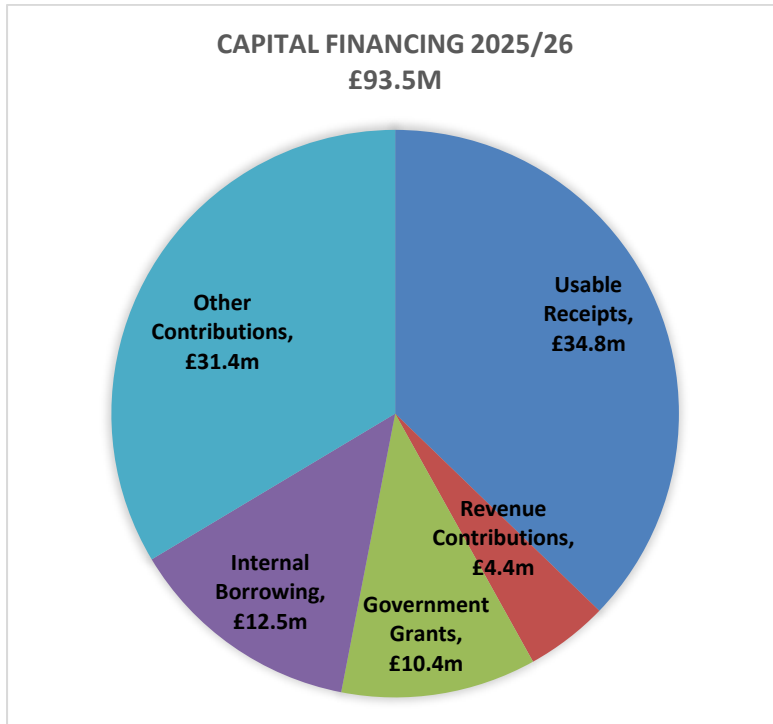
Capital expenditure totalled £93.5m compared with the final approved estimate of £96.3m (net of £5m assumed slippage). Capital expenditure was fully financed from Government grants, other external contributions, revenue contributions, capital receipts and internal borrowing without recourse to general reserves.

The Council generated new asset and other receipts of £22.3m in 2025/26 resulting in a total capital receipts balance of £59.4m, during the year, £34.8m of receipts were applied to finance capital expenditure and the remaining balance of £19.7m that will be carried forward to finance expenditure in 2026/27 and later years.

Further information can be found in charts below and also in the Capital Programme Outturn reported on the 24<sup>th</sup> June 2026 and are available through: [Agenda for Executive on Wednesday 24 June 2026, 7.00 pm](#)

# NARRATIVE REPORT

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## Investments

At the year end, the Council held significant investments totalling £215.8m (principal sum). These investments generated net income of £12.0m in 2025/26 to support the revenue budget. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

## Pension Fund

## NARRATIVE REPORT

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During 2025/26 the net assets of the Pension Fund decreased by £4142.9m (9.6%), mainly due to investment income received, net profits on the disposal of investments and increases in their value. 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 31<sup>st</sup> March 2026, this was a Net Pension Liability of £3.6m (£2.0m as at 31<sup>st</sup> March 2025).

### *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 and procurement
- 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
- Failure to meet the Council's statutory homelessness duties
- Failure to deliver the Transforming Bromley Programme
- Failure to 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
- Polygamous working
- Failure on the part of commissioned providers to continue to deliver their contracted service.

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 the annual review of governance and internal control arrangements, six areas have been identified where improvements can be made in the Council's governance:

- Finance capacity and financial reporting (Statement of accounts): External Audit identified a significant weakness in governance arrangements relating to finance capacity and financial reporting, including reliance on a limited number of key individuals.

## NARRATIVE REPORT

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- Quality of financial information and audit evidence: Weaknesses were identified in the quality of working papers, including a high number of amendments and delays in the provision of audit evidence. Control weaknesses were identified, including reconciliation issues and limitations in segregation of duties.
- Risk management: Both the Audit & Risk Management Committee and the Centre for Governance & Scrutiny (CfGS) review identified that risk management is not yet fully embedded across services, with scope to improve consistency in the articulation and management of risks.
- Scrutiny: The CfGS review identified opportunities to further strengthen the effectiveness and consistency of scrutiny arrangements, including the extent to which scrutiny informs decision-making.
- Governance of decision-making and transformation: The CfGS review identified the Council's arrangements for decision making and transformation governance are generally robust with a decentralised approach supporting effective delivery and local accountability. However, as the scale and complexity of transformation actively increases, there is a need to ensure that the governance arrangements remain clear, consistent and sufficiently aligned at a corporate level. This includes continuing to strengthen the articulation of roles, responsibilities and decision pathways and ensuring that governance and oversight arrangements keep pace with the scale and complexity of transformation.
- Organisational culture and assurance: The CfGS review highlighted a reliance on informal assurance mechanisms in relation to organisational culture and behaviours. Whilst there is evidence of a strong ethical culture within the Council, there is scope to strengthen formal assurance through more structured monitoring and reporting.

An Action Plan has been developed to strengthen governance in these areas. The Annual Governance Statement is published with the Statement of Accounts.

### ***Medium Term Financial Strategy (MTFS)***

The draft 2026/27 budget and MTFS to 2028/29 was approved by Executive on 21<sup>st</sup> January 2026 and set the framework for the Council to address the significant financial challenges not only for 2026/27 but going forward into future years. The budget reflects the outcome of Fair Funding 2.0, which will lead to significant funding reductions for Bromley of £10.1m in 2026/27, increasing to £30.5m by 2028/29 in real terms. The review effectively related to a redistribution of funding rather than a full comprehensive 'Fair Funding' review.

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.. 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.

## NARRATIVE REPORT

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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 2026/27, although one-of earmarked reserves of £25.43m 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.

### ***Further Information***

Further Information about the accounts is available from:

Head of Corporate Finance and Accounting  
London Borough of Bromley  
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.

# Auditor's Report

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# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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## *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 18 to 141 give a true and fair view of the financial position of the Authority as at 31st March 2026 and of its income and expenditure for the year ended 31st March 2026.



Peter Turner  
Director of Finance  
30th June 2026

## 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 Practice, is shown in the Comprehensive Income and Expenditure Statement. This Expenditure & Funding Analysis is a note to the Statement of Accounts, not a primary statement. The Council's reporting breakdown for this note, alongside any segmental analysis is based at the Portfolio level, which is the way the Council monitors its budget and service expenditure throughout the year.

2024/25			2025/26		
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
84,002	(562)	84,564	106,342	(54)	106,395
90,150	(13,813)	103,963	55,462	(18,036)	73,499
46,154	(8,063)	54,217	36,370	(5,704)	42,075
4,457	3	4,454	3,975	148	3,827
33,689	(24,947)	58,636	35,591	(20,786)	56,377
28,083	(1,263)	29,346	25,318	(4,679)	29,997
<b>286,534</b>	<b>(48,645)</b>	<b>335,179</b>	<b>263,058</b>	<b>(49,112)</b>	<b>312,169</b>
(274,554)	31,252	(305,806)	(277,581)	77,185	(354,766)
<b>(Surplus) / Deficit on Provision of</b>					
<b>11,980</b>	<b>(17,393)</b>	<b>29,373</b>	<b>(14,524)</b>	<b>28,073</b>	<b>(42,597)</b>
(225,477)		Opening General Fund Balance	(213,497)		
11,980		Less Deficit / (Surplus) on General Fund	(14,524)		
<b>(213,497)</b>		<b>Closing General Fund Balance at 31 March 2026</b>	<b>(228,021)</b>		

\* 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'.

<b>*Restated 1st April 2024 £000</b>	<b>*Restated 31st March 2025 £000</b>		<b>Notes</b>	<b>31st March 2026 £000</b>
427,334	445,167	Property, Plant and Equipment	<b>14</b>	480,277
1,018	1,684	Heritage Assets	<b>15</b>	1,684
77,904	87,059	Investment Property	<b>16</b>	87,353
100,686	98,926	Long Term Investments	<b>17</b>	49,178
24,349	25,509	Long Term Debtors	<b>17</b>	26,085
<b>631,292</b>	<b>658,345</b>	<b>Long - Term Assets</b>		<b>644,577</b>
203,167	115,107	Short Term Investments	<b>17</b>	133,582
13,040	589	Assets Held for Sale (<1yr)	<b>21</b>	89
278	355	Inventories	<b>18</b>	319
44,488	65,581	Short Term Debtors	<b>19</b>	106,823
16,196	31,071	Cash and Cash Equivalents	<b>20</b>	31,884
<b>277,169</b>	<b>212,704</b>	<b>Current Assets</b>		<b>272,697</b>
(8,241)	(967)	Short Term Borrowing	<b>22</b>	-
(19,616)	(17,448)	Provisions	<b>25</b>	(9,688)
(91,087)	(87,136)	Short Term Creditors	<b>23</b>	(99,529)
(7,117)	(6,709)	Grants Receipts in Advance - Revenue	<b>37</b>	(5,828)
(5,407)	(5,273)	Grants Receipts in Advance - Capital	<b>37</b>	(5,099)
<b>(131,468)</b>	<b>(117,533)</b>	<b>Current Liabilities</b>		<b>(120,144)</b>
(35,865)	(40,005)	Other Long Term Liabilities	<b>24</b>	(44,085)
<b>(35,865)</b>	<b>(40,005)</b>	<b>Long - Term Liabilities</b>		<b>(44,085)</b>
<b>741,128</b>	<b>713,510</b>	<b>Net Assets</b>		<b>753,045</b>
(309,106)	(288,866)	Usable Reserves	<b>26</b>	(300,013)
(432,022)	(424,644)	Unusable Reserves	<b>27</b>	(453,032)
<b>(741,128)</b>	<b>(713,510)</b>	<b>Total Reserves</b>		<b>(753,045)</b>

The previous year's figures have been restated due to correcting adjustments made for the valuation of lease liabilities. 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 2026 and its income and expenditure for the year then ended.

Peter Turner - Director of Finance  
30th June 2026



## 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 in year movements of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practice 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
<b>Current Year</b>						
Balance at 31 March 2025 carried forward	(213,497)	(32,159)	(43,210)	(288,866)	(424,644)	(713,510)
Movement in Reserves during 2025/26						
Total Comprehensive Income and Expenditure	(42,597)			(42,597)	3,062	(39,535)
Adjustments between accounting basis & funding basis under regulations (Note 8)	28,073	12,426	(9,048)	31,451	(31,450)	-
(Increase)/Decrease in 2025/26	(14,524)	12,426	(9,048)	(11,146)	(28,388)	(39,535)
Balance at 31 March 2026 carried forward	<b>(228,021)</b>	<b>(19,734)</b>	<b>(52,258)</b>	<b>(300,012)</b>	<b>(453,033)</b>	<b>(753,045)</b>

### General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(208,023)
Amounts uncommitted	(20,000)
<b>Total General Fund Balance at 31st March 2026</b>	<b>(228,023)</b>

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Current Year</b>						
Balance at 31 March 2024 carried forward (*Restated)	(225,477)	(42,910)	(40,720)	(309,106)	(432,022)	(741,128)
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	29,373			29,373	(1,755)	27,618
Adjustments between accounting basis & funding basis under regulations (Note 8)	(17,393)	10,751	(2,490)	(9,133)	9,133	-
(Increase)/Decrease in 2024/25	11,980	10,751	(2,490)	20,240	7,378	27,618
Balance at 31 March 2025 carried forward (*Restated)	<b>(213,497)</b>	<b>(32,159)</b>	<b>(43,210)</b>	<b>(288,866)</b>	<b>(424,644)</b>	<b>(713,510)</b>

### General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(193,497)
Amounts uncommitted	(20,000)
<b>Total General Fund Balance at 31st March 2025</b>	<b>(213,497)</b>

\* 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.

<b>2024/25</b>		<b>Notes</b>	<b>2025/26</b>
<b>*Restated</b>			<b>£000</b>
<b>£000</b>			<b>£000</b>
29,373	Net (Surplus) or Deficit on the Provision of Services		(42,597)
(10,251)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements	<b>28</b>	(2,099)
17,069	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	<b>28</b>	(57,839)
<u>36,191</u>	Net Cash Flows from Operating Activities		<u>(102,536)</u>
(59,852)	Investing Activities	<b>29</b>	99,559
<u>8,786</u>	Financing Activities	<b>30</b>	<u>2,164</u>
(14,875)	Net (Increase) or Decrease in Cash and Cash Equivalents		(813)
16,196	Cash and Cash Equivalents at the Beginning of the Reporting Period		31,071
<u>31,071</u>	Cash and Cash Equivalents at the End of the Reporting Period	<b>20</b>	<u>31,884</u>

# Notes to the Core Financial Statements

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## ***1 Statement of Accounting Policies***

### ***1 General Principles***

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and those Regulations require said accounts 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 2025/26 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 2026 there was a total of £34.6m of cash investments on the Balance Sheet in instant access AAA-rated Money Market Funds and other short-term accessible accounts, (£18.2m as at 31st March 2025).

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

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### *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

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### *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 2025/26, this discount rate was 6.1% compared to 5.8% in 2024/25. The higher the discount rate, the lower the value placed on liabilities. During 2025/26, the Pension Reserve moved from a deficit of £2.05m to a deficit of £3.59m. Movements in the Pensions Reserve balance are explained in more detail in Note 44.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *7 Employee Benefits continued*

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

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

a) Service Cost comprising:

- current service cost (the increase in liabilities as a result of years of service earned in the current year) - allocated in the Comprehensive Income and Expenditure Statement to the services for which employees worked.

- past service cost (the increase in liabilities arising from a scheme amendment or curtailment whose effect relates to years of service earned in earlier years) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

- gains/losses on settlement (the result of actions to relieve the Council of liabilities for all or part of the employee benefits provided under the plan) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure

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.

## Notes to the Core Financial Statements

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### **1 Statement of Accounting Policies continued**

#### **7 Employee Benefits continued**

The negative balance on the Pensions Reserve there by 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

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### **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.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### **11 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.

#### ***Expected Credit Loss Model***

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis 12 month expected losses.

#### ***Financial Assets Measured at Fair Value through Profit of Loss***

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

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis. The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *11 Financial Assets cont.*

##### *Financial Assets Measured at Fair Value through Profit of Loss cont.*

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.

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.

## Notes to the Core Financial Statements

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### **1** *Statement of Accounting Policies continued*

#### **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.

# Notes to the Core Financial Statements

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## 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 2026, the Authority does not act as a lessor in any finance leases.

## Notes to the Core Financial Statements

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### *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 2025/26 (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 Council carries out a rolling programme that ensures all freehold and leasehold properties that comprise the Council's property portfolio, required to be measured at current value is revalued every five years with indexing applied in each intervening year and a desktop valuation carried out at year three, if no appropriate index can be identified. Valuations are carried out 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 revaluations were carried out as at 31st March 2026 under the responsibility of Amy Milton BSc Hons MRICS, Assistant Director, Strategic Property.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *18 Property, Plant and Equipment continued*

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).

Where non-property assets (such as vehicles, plant & machinery, etc) 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.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *18 Property, Plant and Equipment continued*

##### *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 :

- 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.

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.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *18 Property, Plant and Equipment continued*

##### *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 Where an item of Property, Plant and Equipment has major components whose cost is significant in 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

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### **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

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### ***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.

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. Statement of Accounting Policies continued.

#### ***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.

## Notes to the Core Financial Statements

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### *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 4 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. Where a maintained school's assets have transferred to a trust upon the school obtaining foundation status, those assets are derecognised from the financial statements of the authority.

#### **29 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.

#### **30 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 The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the currently exceed £190m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.

## Notes to the Core Financial Statements

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### *1 Statement of Accounting Policies continued*

#### *31 Going Concern Basis continued*

- The Council's balance sheet as at 31st March 2026 shows a net worth of £753m, an increase from the restated position of £714m as at 31st March 2025.
- 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

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### **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 sheet date, the following new standards and amendments to existing standards have been published, but not yet adopted by the Code.

**i) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024

Section 34 of the standard incorporates all amendments in relation to the accounting treatment of heritage assets, including;

- Scope: The revised standard provides clearer guidance on what qualifies as a heritage asset.
  
- Fair Value Recognition: Heritage assets acquired via non-exchange transactions must now be recognised at fair value.
  
- Disclosure & Exemptions: If a donated asset's fair value cannot be measured reliably, the disclosure can now be aggregated for groups or classes of heritage assets, provided it does not obscure significant information.
  
- Depreciation & Amortisation: The required summary of transactions relating to heritage assets has been expanded to explicitly include any depreciation and amortisation recognised in the period.
  
- Leased Heritage Assets: Comprehensive lease accounting amendments require disclosures to be shown separately for all heritage assets held by a lessee as right-of-use assets.

**ii) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024

Key Amendments to IFRS 9 (Classification & Measurement)

- Financial Assets with ESG (environmental, social and governance) linked Features: The amendments provide updated application guidance on assessing whether contractual cash flows on loans are solely payments of principal and interest (SPPI). They confirm that if the target's nature does not alter the fundamental return on the principal, the SPPI test can still be met.
  
- Contractually Linked Instruments (CLIs): The updates clarify that a key feature distinguishing CLIs from other assets is a "waterfall" payment structure that creates disproportionate allocations of credit risk across tranches. This helps entities properly evaluate if CLI investments meet the SPPI criterion.
  
- Derecognition of Financial Liabilities: The amendments introduce an optional accounting policy choice to derecognise a financial liability settled via an electronic payment system prior to the official "settlement date," provided strict criteria are met.
  
- Transition Rules: The amendments are applied retrospectively. Restating prior periods is optional, but if an entity elects to restate, it must be done without the use of hindsight.

## Notes to the Core Financial Statements

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

#### **ii) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) cont.**

##### Key Amendments to IFRS 7 (Disclosure)

- Equity Instruments at FVOCI: If an entity designates investments in equity instruments at fair value through other comprehensive income (FVOCI), new disclosure rules require the disaggregation of changes in fair value. Value movements on investments derecognised during the period must be separated from those held at the end of the reporting period.

- Instruments with Contingent Features: Additional qualitative and quantitative disclosures are required for financial assets and liabilities containing contractual terms that can change cash flows based on contingent events not directly related to basic lending risks (e.g., ESG-linked metrics). This includes the range of possible cash flow changes and the gross carrying amount subject to these terms.

#### **iii) Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024.

A collection of non-urgent but necessary amendments designed to clarify guidance, remove inconsistencies, and correct minor unintended consequences across several accounting standards.

Volume 11 introduces specific clarifications to five major IFRS standards:

- IFRS 1 (First-time Adoption): Clarifies the requirements for hedge accounting by first-time adopters to improve consistency with IFRS 9.

- IFRS 7 (Financial Instruments: Disclosures): Clarifies guidance regarding gains or losses on derecognition.

- IFRS 9 (Financial Instruments): Amends provisions around the transaction price and provides clarification on the derecognition of lease liabilities.

- IFRS 10 (Consolidated Financial Statements): Clarifies the determination of a "de facto agent".

- IAS 7 (Statement of Cash Flows): Clarifies the cash flow reporting requirements for the cost method.

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

### **iv) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.**

The amendments incorporated are designed to improve how companies account for renewable energy Power Purchase Agreements (PPAs). They address the accounting challenges caused by the uncontrollable volume and timing of nature-dependent electricity (such as wind and solar)/ Amendments include;

- Extension of the "Own-Use" Exemption: Clarifies the application of the own-use exemption in IFRS 9 for physical PPAs, permitting companies to account for these contracts as normal purchases and sales rather than as derivatives (which would introduce fair value volatility to the income statement).
- Hedge Accounting Relief: Permits hedge accounting for nature-dependent electricity contracts, allowing a variable nominal volume of electricity to be designated as a hedged item.
- Enhanced Disclosures: Introduces new disclosure requirements under IFRS 7 to help investors understand the effect of these nature-dependent contracts on a company's financial performance, financial position, and cash flows.

None of the above amendments are expected to have a material impact on the information in the Financial Statements 2025-26

## Notes to the Core Financial Statements

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### **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.
- c) 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 2026 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.

## Notes to the Core Financial Statements

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### **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***

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £37.1m. However, the assumptions interact in complex ways. During 2025/26, the Fund actuaries advised that the net pensions liability had decreased by £11.32m as a result of estimates being corrected as a result of experience and decreased by £0.05m attributable to updating of the assumptions.

### ***Effect if Actual Results Differ***

In 2025/26 the Scheme's net liabilities were valued at £3.59m, mainly due to the unfunded 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 2026, the Authority had a balance of sundry debtors of £30.081m. A review of the category, age and status of these debts suggested that an impairment of doubtful debts of 6.0% (£1.807m) 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

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### **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 2025/26 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 2026. 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.

## Notes to the Core Financial Statements

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### **6B Prior Period Adjustment**

#### *(i) Background*

During 2025/26, the Authority identified a material understatement in the lease liability relating to the Beehive asset as at 1st April 2024. A comprehensive review of the lease data and assumptions applied under IFRS 16 concluded that the prior year valuation required correction.

In particular, the reassessment identified that RPI-linked uplifts had not been appropriately incorporated into the previous calculation of the lease liability. The inclusion of this indexation impacts, alongside other adjustments, has resulted in a significant increase in the recognised lease liability. The comparative figures have been restated accordingly to reflect the corrected valuation and ensure compliance with IFRS 16. As a result, the closing balance of lease liabilities at 31 March 2025 has increased by £9.127m as well as a £4.312m increase to the opening balance as at 1 April 2024. This has been accounted for as a prior period adjustment in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Comparative figures for 2024/25 have been restated where material. The adjustment has resulted in:

An increase in lease liabilities of £9.127 million (see Note 39)

A corresponding increase in the right-of-use asset and adjustment to Unusable Reserves (Capital Adjustment Account), reflecting the correct recognition of the lease under IFRS 16.

There is no impact on the General Fund balance, as the adjustment relates to balance sheet recognition and is reversed out through the Movement in Reserves Statement (MIRS).

Further details of lease liabilities are provided in Note 39, including a restated opening balance to reflect this adjustment.

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 2024 and 31st March 2025. The information for 2024/25 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 2024/25 Comprehensive Income and Expenditure Statement is shown below:

	CI&E Statement 2024/25 Net Published £000	Adjustments £000	CI&E Statement 2024/25 Net Restated £000
Adult Care and Health	84,564	-	84,564
Education, Children & Families	103,963	-	103,963
Environment and Community	54,217	-	54,217
Public Protection & Enforcement	4,454	-	4,454
Renewal, Recreation and Housing	53,820	4,816	58,636
Resources, Commissioning and Contracts Management	29,346	-	29,346
<b>Cost of Services</b>	<b>330,363</b>	<b>4,816</b>	<b>335,179</b>
Other Operating Expenditure	(3,396)	-	(3,396)
Financing and Investment Income and Expenditure	(29,056)	-	(29,056)
Taxation and Non-Specific Grant Income	(273,354)	-	(273,354)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>24,557</b>	<b>4,816</b>	<b>29,373</b>
(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets Impairment Losses on Non-Current Assets	(2,302)	-	(2,302)
Remeasurements of the Net Defined Benefit Liability	547	-	547
<b>Other Comprehensive Income and Expenditure</b>	<b>(1,755)</b>	<b>-</b>	<b>(1,755)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>22,802</b>	<b>4,816</b>	<b>27,618</b>

## Notes to the Core Financial Statements

### 6B Prior Period Adjustment continued

#### ii) Summary of Changes

A summary of changes to the 2024/25 Movement in Reserves is shown below:

#### 2024/25 Movement in Reserves Statement (Published)

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024 carried forward	(225,477)	(42,910)	(40,720)	(309,106)	(436,334)	(745,440)
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	24,557			24,557	(1,755)	22,802
Adjustments between accounting basis & funding basis under regulations (Note 8)	(12,578)	10,751	(2,490)	(4,317)	4,317	0
(Increase)/Decrease in 2024/25	11,980	10,751	(2,490)	20,241	2,562	22,803
Balance at 31 March 2024 carried forward	(213,497)	(32,159)	(43,210)	(288,866)	(433,772)	(722,638)

#### 2024/25 Adjustments

	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 2024 carried forward	-	-	-	-	4,312	4,312
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	4,816	-	-	4,816	-	4,816
Adjustments between accounting basis & funding basis under regulations (Note 8)	(4,816)	(0)	(0)	(4,816)	4,816	(0)
(Increase)/Decrease in 2024/25	-	(0)	(0)	1	4,816	4,816
Balance at 31 March 2025 carried forward	0	(0)	(0)	1	9,128	9,128

#### 2024/25 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 2024 carried forward	(225,477)	(42,910)	(40,720)	(309,106)	(432,022)	(741,128)
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	29,373	-	-	29,373	(1,755)	27,618
Adjustments between accounting basis & funding basis under regulations (Note 8)	(17,393)	10,751	(2,490)	(9,133)	9,133	-
(Increase)/Decrease in 2024/25	11,980	10,751	(2,490)	20,240	7,378	27,618
Balance at 31 March 2025 carried forward	(213,497)	(32,159)	(43,210)	(288,866)	(424,644)	(713,510)

## Notes to the Core Financial Statements

### 6B Prior Period Adjustment continued

#### ii) Summary of Changes

A summary of changes to the 2024/25 closing Balance Sheet is shown below:

	<b>Balance Sheet 31st March 2025 Published £000</b>	<b>Adjustments £000</b>	<b>Balance Sheet 31st March 2025 Restated £000</b>
Property, Plant and Equipment	445,167	-	445,167
Heritage Assets	1,684	-	1,684
Investment Property	87,059	-	87,059
Long Term Investments	98,926	-	98,926
Long Term Debtors	25,509	-	25,509
<b>Long Term Assets</b>	<b>658,345</b>	-	<b>658,345</b>
Short Term Investments	115,107	-	115,107
Assets Held for Sale (<1yr)	589	-	589
Inventories	355	-	355
Short Term Debtors	65,581	-	65,581
Cash and Cash Equivalents	31,071	-	31,071
<b>Current Assets</b>	<b>212,703</b>	-	<b>212,704</b>
Short Term Borrowing / Temporary Loans	(967)	-	(967)
Provisions	(17,448)	-	(17,448)
Short Term Creditors	(87,136)	-	(87,136)
Grants Receipts in Advance - Revenue	(6,709)	-	(6,709)
Grants Receipts in Advance - Capital	(5,273)	-	(5,273)
<b>Current Liabilities</b>	<b>(117,533)</b>	-	<b>(117,533)</b>
Other Long Term Liabilities	(30,878)	(9,128)	(40,005)
<b>Long Term Liabilities</b>	<b>(30,878)</b>	<b>(9,128)</b>	<b>(40,005)</b>
<b>Net Assets</b>	<b>722,638</b>	<b>(9,128)</b>	<b>713,510</b>
Usable Reserves	(288,866)	-	(288,866)
Unusable Reserves	(433,772)	9,128	(424,644)
<b>Total Reserves</b>	<b>(722,638)</b>	<b>9,128</b>	<b>(713,510)</b>

## Notes to the Core Financial Statements

### 6B Prior Period Adjustment continued

#### ii) Summary of Changes

A summary of changes to the 2024/25 opening Balance Sheet is shown below:

	<b>Balance Sheet 1st April 2024 Published £000</b>	<b>Adjustments £000</b>	<b>Balance Sheet 1st April 2024 Restated £000</b>
Property, Plant and Equipment	427,334	-	427,334
Heritage Assets	1,018	-	1,018
Investment Property	77,904	-	77,904
Long Term Investments	100,686	-	100,686
Long Term Debtors	24,349	-	24,349
<b>Long Term Assets</b>	<b>631,292</b>	<b>-</b>	<b>631,292</b>
Short Term Investments	203,167	-	203,167
Assets Held for Sale (<1yr)	13,040	-	13,040
Inventories	278	-	278
Short Term Debtors	44,488	-	44,488
Cash and Cash Equivalents	16,196	-	16,196
<b>Current Assets</b>	<b>277,169</b>	<b>-</b>	<b>277,169</b>
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)
<b>Current Liabilities</b>	<b>(131,468)</b>	<b>-</b>	<b>(131,468)</b>
Other Long Term Liabilities	(31,553)	(4,312)	(35,865)
<b>Long Term Liabilities</b>	<b>(31,553)</b>	<b>(4,312)</b>	<b>(35,865)</b>
<b>Net Assets</b>	<b>745,440</b>	<b>(4,312)</b>	<b>741,128</b>
Usable Reserves	(309,106)	-	(309,106)
Unusable Reserves	(436,334)	4,312	(432,022)
<b>Total Reserves</b>	<b>(745,440)</b>	<b>4,312</b>	<b>(741,128)</b>

## 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						2025/26
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	(1,075)	1,073	(52)	(54)	-	(54)
Children, Education and Families	(7,856)	1,833	(12,379)	(18,402)	365	(18,036)
Environment & Community Services	(6,044)	345	(6)	(5,704)	-	(5,704)
Public Protection & Enforcement	(0)	150	(2)	148	-	148
Renewal, Recreation and Housing Resources, Commissioning and Contracts Management	(25,812)	627	(19)	(25,204)	4,418	(20,786)
	(3,586)	(255)	(18)	(3,858)	(821)	(4,679)
<b>Net Cost of Services</b>	<b>(44,372)</b>	<b>3,774</b>	<b>(12,476)</b>	<b>(53,074)</b>	<b>3,963</b>	<b>(49,112)</b>
Other operating expenditure (i)	11,240	-	-	11,240	4,362	15,602
Financing and investment income and expenditure (ii)	(62)	244	-	182	7,032	7,214
Taxation and non-specific grant income and expenditure (iii)	-	-	7,729	7,729	46,640	54,369
	11,177	244	7,729	19,151	58,034	77,185
<b>General Fund (Surplus)/Deficit</b>	<b>(33,195)</b>	<b>4,018</b>	<b>(4,747)</b>	<b>(33,924)</b>	<b>61,997</b>	<b>28,073</b>

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
*Restated						
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)	3	3	-	3
Renewal, Recreation and Housing Resources, Commissioning and Contracts Management	(28,225)	(2)	9	(28,218)	3,272	(24,946)
	(579)	883	32	336	(1,599)	(1,263)
<b>Net Cost of Services</b>	<b>(42,287)</b>	<b>871</b>	<b>(11,221)</b>	<b>(52,637)</b>	<b>3,992</b>	<b>(48,645)</b>
Other operating expenditure (i)	4,711	-	-	4,711	2,390	7,100
Financing and investment income and expenditure (ii)	214	169	-	383	11,817	12,200
Taxation and non-specific grant income and expenditure (iii)	-	-	(407)	(407)	12,358	11,951
	4,925	169	(407)	4,687	26,565	31,252
<b>General Fund (Surplus)/Deficit</b>	<b>(37,363)</b>	<b>1,040</b>	<b>(11,628)</b>	<b>(47,950)</b>	<b>30,557</b>	<b>(17,393)</b>

## Notes to the Core Financial Statements

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### 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

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### 7B Segmental Income

Income received on a segmental basis is analysed below: The Income includes fees & charges and other services income.

\*A casting adjustment has been made to the prior year totals per Portfolio for consistency, to only include income received through Fees, Charges and Other Service Income

	<b>2024/25</b>	<b>2025/26</b>
	<b>*Income from</b>	<b>Income from</b>
<b>Services</b>	<b>Services</b>	<b>Services</b>
	<b>£000</b>	<b>£000</b>
Adult Care and Health	(25,846)	(27,621)
Children, Education and Families	(5,403)	(4,552)
Environment & Community Services	(23,627)	(25,867)
Public Protection and Enforcement	(687)	(573)
Renewal, Recreation and Housing	(22,298)	(23,680)
Resources, Commissioning and Contracts Management	(7,775)	(11,655)
<b>Total income analysed on a segmental basis</b>	<b>(85,636)</b>	<b>(93,947)</b>

### 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

<u>2025/26</u>	General Fund Balance £000	Usable Reserves Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to Revenue Resources</b>				
<b>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:</b>				
<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)	(8,489)			8,489
Employer's pension contributions and direct payments to pensioners payable in the year	12,507			(12,507)
<i>Financial Instrument adjustments transferred to/ from the Financial Instruments Adjustments Account</i>				
<b>Pooled investment funds</b>				
<b>(transferred to the pooled investment funds adjustment account)</b>	10,253			(10,253)
<b>Financial instruments</b>				
<b>(transferred to the financial instruments adjustments account)</b>	505			(505)
<b>C Tax and NDR transfers to/(from) the Collection Fund</b>	7,729			(7,729)
<b>Contribution to/from DSG Adjustment account</b>	(12,918)			12,918
	442			(442)
<b>Holiday Pay transferred to/(from) the Accumulated Absence Reserve</b>				-
<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure</b>				
Depreciation and impairment of non-current assets	(22,291)			22,291
Movements in the fair value of investment properties	(4,547)			4,547
Capital grants & contributions	51,424		(51,424)	-
Revenue expenditure funded from capital under statute	(23,530)			23,530
Non-current assets written off on disposal or sale	(915)	(12,372)		13,287
Recognition of Lease Liability (IFRS 16)	24			(24)
<b>Total Adjustments to Revenue Resources</b>	<b>10,195</b>	<b>(12,372)</b>	<b>(51,424)</b>	<b>53,601</b>
<b>Adjustments between Revenue and Capital Resources</b>				
<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	11,240	(11,240)		-
Transfer of deferred sale proceeds	(22)			22
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,299			(2,299)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	4,362			(4,362)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>17,878</b>	<b>(11,240)</b>	<b>-</b>	<b>(6,639)</b>
<b>Adjustment to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	36,036	-	(36,036)
Application of capital grants to finance capital expenditure	-	-	42,376	(42,376)
<b>Total Adjustment to Capital Resources</b>	<b>-</b>	<b>36,036</b>	<b>42,376</b>	<b>(78,412)</b>
<b>Total Adjustments</b>	<b>28,073</b>	<b>12,425</b>	<b>(9,048)</b>	<b>(31,450)</b>

## Notes to the Core Financial Statements

### 8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

<u>2024/25</u>	General Fund Balance £000	Usable Reserves Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to Revenue Resources</b>				
<b>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:</b>				
<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)	(10,937)			10,937
Employer's pension contributions and direct payments to pensioners payable in the year	11,977			(11,977)
<i>Financial Instrument adjustments transferred to/ from the Financial Instruments Adjustments Account</i>				
<b>Pooled investment funds</b> (transferred to the pooled investment funds adjustment account)	47			(47)
<b>Financial instruments</b> (transferred to the financial instruments adjustments account)	496			(496)
<b>C Tax and NDR transfers to/(from) the Collection Fund</b>	(407)			407
<b>Contribution to/from DSG Adjustment account</b>	(10,839)			10,839
<b>Holiday Pay transferred to/(from) the Accumulated Absence Reserve</b>	(382)			382
<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure</b>				-
Depreciation and impairment of non-current assets	(30,849)			30,849
Movements in the fair value of investment properties	9,675			(9,675)
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 (IFRS 16)	(5,771)			5,771
<b>Total Adjustments to Revenue Resources</b>	<b>(26,107)</b>	<b>(11,779)</b>	<b>(17,949)</b>	<b>55,835</b>
<b>Adjustments between Revenue and Capital Resources</b>				
<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 Reserve)	-	-		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,614			(1,614)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,390			(2,390)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>8,714</b>	<b>(4,711)</b>	<b>-</b>	<b>(4,003)</b>
<b>Adjustment to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	27,374	-	(27,374)
Application of capital grants to finance capital expenditure	-	-	15,459	(15,459)
Cash payments in relation to Deferred Capital Receipts	-	(133)	-	133
<b>Total Adjustment to Capital Resources</b>	<b>-</b>	<b>27,241</b>	<b>15,459</b>	<b>(42,700)</b>
<b>Total Adjustments</b>	<b>(17,393)</b>	<b>10,751</b>	<b>(2,490)</b>	<b>9,133</b>

\* 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 2025/26.

<b>2025/26</b>	<b>Balance at 31st March 2025 £000</b>	<b>Transfers Out 2025/26 £000</b>	<b>Transfers In 2025/26 £000</b>	<b>Balance at 31st March 2026 £000</b>
Technology Fund	(783)	283	-	(500)
Investment to Community and Voluntary Sector	(196)	-	-	(196)
Building Control Charging Account & Land Charges	599	-	(599)	-
Government Grants - Earmarked Reserve	(5,421)	11,320	(8,914)	(3,014)
Invest to Save Fund	(16,323)	168	(375)	(16,530)
One off Member Initiatives	(556)	124	-	(432)
Infrastructure Investment Fund	(105)	81	-	(24)
Health & Social Care 'Promise Programme'	(3,953)	3,953	-	-
Winter Pressures	(1,920)	149	-	(1,771)
Key Health & Social Care Initiatives	(1,700)	1,826	(547)	(421)
Integration of Health & Social Care Initiatives	(1,614)	-	-	(1,614)
Collection Fund Surplus Set Aside	(15,943)	12,465	(4,719)	(8,197)
Healthy Bromley Fund	(1,899)	155	-	(1,744)
Parallel Fund	(3,410)	3,410	-	-
Health & Social Care Integrated Commissioning Fund	(1,480)	-	-	(1,480)
Financial Planning and Risk Reserve	(18,519)	1,653	(18,212)	(35,078)
Bromley Welfare Fund	(420)	420	-	-
LBB Lease Properties	(572)	-	-	(572)
Business Rates Risk Reserve	(1,530)	285	-	(1,245)
Various Joint Schemes and Pump Priming Investment	(1,479)	549	-	(930)
Transition Fund	(2,559)	2,559	-	-
Environmental Initiatives	(350)	271	-	(79)
Future Professional Advice for Commissioning	(122)	-	-	(122)
Utilisation of New Homes Bonus	(4,838)	4,838	-	-
Future Pensions Risk on Outsourcing	(2,302)	-	(222)	(2,524)
West Wickham Leisure Centre & Library Redevelopn	(623)	623	-	-
Income Equalisation Reserve	(16,382)	5,428	(3,601)	(14,556)
New Transformation Fund	(1,208)	11	-	(1,197)
Growth Fund	(16,419)	15,818	-	(601)
Transformation Programme	(176)	-	-	(176)
Housing Investment Fund	(20,605)	16,142	(9)	(4,472)
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	(818)	-	-	(818)
IBCF Hospital Discharge Funding Reserve	(5,031)	5,031	-	-
COVID recovery Fund	(2,265)	2,265	-	-
Platinum Jubilee Fund	(390)	390	-	-
Capital Fund	(1,252)	15,643	(19,965)	(5,574)
Investment Fund	(6,146)	-	-	(6,146)
Tremendous Fund	(97)	97	-	-
Strategy Transformation Fund	(51)	51	-	-
Social Care Staffing Fund	(250)	250	-	-
<b>Sub-total 2025-26</b>	<b>(165,007)</b>	<b>109,669</b>	<b>(57,163)</b>	<b>(112,503)</b>

## Notes to the Core Financial Statements

### 9 Transfers to/from Earmarked Reserves continued

	Balance at 31st March 2024	Transfers Out 2023/24	Transfers In 2024/25	Balance at 31st March 2025
<b>2024/25</b>				
<b>Balance brought forward from previous page</b>	<b>(102,702)</b>	<b>21,643</b>	<b>(6,337)</b>	<b>(87,395)</b>
West Wickham Leisure Centre & Library Redevelopment	(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)
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 Devel	-	-	(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)
<b>Total Earmarked Reserves 2024-25</b>	<b>(205,477)</b>	<b>42,052</b>	<b>(30,072)</b>	<b>(193,497)</b>

## Notes to the Core Financial Statements

### 9 Transfers to/from Earmarked Reserves continued

	<b>Balance at 31st March 2025</b>	<b>Transfers Out 2025/26</b>	<b>Transfers In 2025/26</b>	<b>Balance at 31st March 2026</b>
2025/26				
Balance brought forward from previous page	(165,007)	109,669	(57,163)	(112,503)
Legal Fund	(433)	-	-	(433)
Building Infrastructure Fund	(987)	339	-	(648)
Arboricultural Backlog Fund	(48)	48	-	-
Education Staffing Restructure	(351)	275	-	(76)
LBB Owned Affordable Housing Reserve	(47)	-	-	(47)
Non-Recurring Funding for Integrated Care System Development Transformation Fund 2024-2028	(19,000)	-	(547)	(19,547)
Election Reserve	(1,000)	-	-	(1,000)
Revenue Collection Reserve	-	-	(298)	(298)
AI Governance	-	-	(1,166)	(1,166)
Future revenue budget gap reserve	-	-	(950)	(950)
High Needs Stability Grant Reserve	-	-	(29,980)	(29,980)
Schools	-	-	(35,981)	(35,981)
Insurance Fund	(1,792)	2,442	(610)	40
Insurance Fund	(4,831)	-	(603)	(5,434)
<b>Total Earmarked Reserves 2025/26</b>	<b>(193,496)</b>	<b>112,775</b>	<b>(127,299)</b>	<b>(208,023)</b>

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.

	<b>Balance at 31st March 2024</b>	<b>Transfers Out 2023/24</b>	<b>Transfers In 2024/25</b>	<b>Balance at 31st March 2025</b>
2024/25				
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Technology Fund	(1,191)	447	(39)	(783)
Investment to Community and Voluntary Sector	(227)	51	(20)	(196)
Building Control Charging Account & Land Charges Reserve	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)
<b>Sub Total 2024/25</b>	<b>(102,702)</b>	<b>21,643</b>	<b>(6,337)</b>	<b>(87,395)</b>

## Notes to the Core Financial Statements

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### 10 Other Operating Expenditure

2024/25	2025/26
£000	£000
1,315 Levies	1,311
(4,711) Losses/Gains on the Disposal of Non-Current Assets	(11,200)
<b><u>(3,396) Total</u></b>	<b><u>(9,889)</u></b>

### 11 Financing and Investment Income and Expenditure

2024/25	2025/26
£000	£000
962 Interest Payable and Similar Charges	1,786
(169) Net Interest on the Net Defined Benefit Liability	(244)
(17,469) Interest Receivable and Similar Income	(15,151)
1,506 Expenditure in Relation to Investment Properties	1,276
(13,840) Investment Property Income and changes in fair value	400
(47) Other Investment Income & Expenditure	(6,320)
<b><u>(29,056) Total</u></b>	<b><u>(18,252)</u></b>

### 12 Taxation and Non Specific Grant Income

2024/25	2025/26
£000	£000
(205,916) Council Tax Income	(222,431)
(27,225) Business Rates Income*	(30,469)
(27,855) Non-Ring fenced Government grants*	(27,085)
(12,358) Capital Grants and Contributions	(46,640)
<b><u>(273,354) Total</u></b>	<b><u>(326,625)</u></b>

\* A casting adjustment has been made to the prior year Business Rates Income figure. The Business Rates related Section 31 Grants had previously been grouped within Business Rates Income. This has now been adjusted and moved to 'Non Ringfenced Government Grants', also ensuring it is consistent with Note 37, 'Grants Credited to Taxation and Non Specific Grants'

## Notes to the Core Financial Statements

### 13 Expenditure and Income Analysed by Nature

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

	<b>2024/25</b>	<b>2025/26</b>
<b>Expenditure/Income</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>	<b>*Restated</b>	
Employee Expenses	132,590	134,319
Other Service Expenses	613,907	645,955
Support Service Recharges	(1,917)	(1,900)
Depreciation and Impairment	30,849	22,291
Precepts and Levies	1,498	1,459
Interest and Investment Payments	2,469	3,062
Net Interest on the Net Defined Liability	(169)	(0,244)
<b>Total Expenditure</b>	<b><u>779,227</u></b>	<b><u>804,943</u></b>
<b>Income</b>		
Fees, Charges & Other Service Income	(85,636)	(93,947)
Gain or Loss on Disposal of Non Current Assets	(4,893)	(11,348)
Interest and Investment Income	(31,356)	(21,070)
Income from Council Tax	(205,916)	(222,431)
Income from Non Domestic Rates	(27,225)	(30,469)
Government Grants and Contributions	(394,829)	(468,274)
<b>Total Income</b>	<b><u>(749,854)</u></b>	<b><u>(847,540)</u></b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b><u>29,373</u></b>	<b><u>(42,597)</u></b>

## 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
<b>Movements in 2025/26</b>							
<b>Cost or Valuation</b>							
Balance at 1st April 2025	576,521	31,079	4,673	36,305	48,475	13,025	710,078
Additions	473	6,175	128	20	54,312	6,099	67,209
Revaluation increases recognised in							
Revaluation Reserve	9,117					155	9,272
Derecognition - disposals	(12,127)	(1,069)			(875)		(14,071)
Assets reclassified to/from							
Investment Properties	495				(5,433)		(4,938)
Other Assets reclassified	15,701		930	(1,485)	(24,079)	8,932	-
Assets reclassified to/from Assets							
Held for Sale	-				(6)		(6)
<b>As at 31st March 2026</b>	<b>590,181</b>	<b>36,185</b>	<b>5,732</b>	<b>34,840</b>	<b>72,395</b>	<b>28,212</b>	<b>767,545</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
As at 1st April 2025	(325,798)	(14,119)	(2,056)	(22,780)	(3,680)	(5,940)	(374,373)
Depreciation charge	(7,409)	(3,981)	(164)			(337)	(11,891)
Impairment losses recognised in							
Revaluation Reserve	(6,345)			(426)			(6,771)
Impairment (losses)/reversals							
recognised in Deficit on Provision	(4,922)			(23)		(685)	(5,630)
of Services	337	758					1,095
Derecognition - disposals							
<b>As at 31st March 2026</b>	<b>(344,137)</b>	<b>(17,342)</b>	<b>(2,220)</b>	<b>(23,229)</b>	<b>(3,680)</b>	<b>(6,962)</b>	<b>(397,570)</b>
<b>Net Book Value</b>							
<b>As at 31st March 2026</b>	<b>246,044</b>	<b>18,843</b>	<b>3,512</b>	<b>11,611</b>	<b>68,715</b>	<b>21,250</b>	<b>369,975</b>
<b>As at 31st March 2025</b>	<b>250,723</b>	<b>16,960</b>	<b>2,617</b>	<b>13,525</b>	<b>44,795</b>	<b>7,085</b>	<b>335,705</b>

## 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
<b>Movements in 2024/25</b>							
<b>Cost or Valuation</b>							
As 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)
<b>As at 31st March 2025</b>	<b>576,521</b>	<b>31,079</b>	<b>4,673</b>	<b>36,305</b>	<b>48,475</b>	<b>13,025</b>	<b>710,078</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
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 in Deficit on Provision	253			(3)		(4,701)	(4,451)
Derecognition - disposals		7					7
<b>As at 31st March 2025</b>	<b>(325,798)</b>	<b>(14,119)</b>	<b>(2,056)</b>	<b>(22,780)</b>	<b>(3,680)</b>	<b>(5,940)</b>	<b>(374,373)</b>
<b>Net Book Value</b>							
<b>As at 31st March 2025</b>	<b>250,723</b>	<b>16,960</b>	<b>2,617</b>	<b>13,525</b>	<b>44,795</b>	<b>7,085</b>	<b>335,705</b>
<b>As at 31st March 2024</b>	<b>251,228</b>	<b>18,290</b>	<b>740</b>	<b>13,085</b>	<b>21,648</b>	<b>12,552</b>	<b>317,543</b>

## 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 between 1 and 56 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 2026, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost £94.4m. This mainly comprised commitments relating to Basic Need (5.1m), Crystal Palace Park Regeneration (6.8m), OPR Leisure Centres (19.3m), Bellgrove Housing Development (21.6m), OPR Central Library (7.7m), Bromley North Housing (20.2m), Depot Improvement Works (5.3m) and Other OPR schemes (1.5m).

Commitments at 31st March 2025 totalled £43.2m.

#### (iii) Revaluations

The Council carries out a rolling programme that ensures all freehold and leasehold properties that comprise the Council's property portfolio, required to be measured at current value is revalued every five years with indexing applied in each intervening year and a desktop valuation carried out at year three, if no appropriate index can be identified. Valuations are carried out 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 revaluations were carried out as at 31st March 2026 under the responsibility of Amy Milton BSc Hons MRICS, Assistant Director, Strategic Property.

Valuations of vehicles, plant, furniture and equipment are based on historical cost 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
<b>Carried at Historical Cost as at:</b>							
<b>31st March 2026</b>		18,843	3,512		68,715		91,069
<b>Valued at Current Value as at:</b>							
31st March 2025	216,677			(2,274)		14,165	228,568
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)
<b>Total Assets at Current Value</b>	<b>246,044</b>	<b>-</b>	<b>-</b>	<b>11,611</b>	<b>-</b>	<b>21,248</b>	<b>278,903</b>
<b>Total Property, Plant &amp; Equipment</b>							
<b>31st March 2026</b>	<b>246,044</b>	<b>18,843</b>	<b>3,512</b>	<b>11,611</b>	<b>68,715</b>	<b>21,248</b>	<b>369,973</b>

## Notes to the Core Financial Statements

### 14 Property, Plant and Equipment continued

#### (iii) Revaluations Continued

The fair value for all classes of surplus properties has been based on the market approach. Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2026 and 2025 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2026 £000s
Development sites	-	0	9,664	9,664
Industrial	-	0	1,194	1,194
Land	-	547	-	547
Other	-	205	-	205
<b>Total</b>	<b>-</b>	<b>752</b>	<b>10,858</b>	<b>11,610</b>

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2025 £000s
Development sites	-	-	775	775
Industrial	-	-	-	-
Land	-	-	-	-
Other	-	-	13,525	13,525
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,300</b>	<b>14,300</b>

During the year, four properties valued at £851k (as at 31st March 2026) were incorrectly classified as Level 3 at 31st March 2025 and have been transferred to Level 2.

## Notes to the Core Financial Statements

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### 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.

<b>Net book value (modified historical cost)</b>	<b>2024/25</b>	<b>2025/26</b>
As at 1 April	109,790	109,462
Additions	4,226	5,611
Derecognition	-	-
Depreciation	(4,554)	(4,770)
Impairment	-	-
Other movements in cost	-	-
<b>As at 31 March</b>	<b>109,462</b>	<b>110,303</b>

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.

#### (v) Right of Use (ROU) Assets

Further analysis of the Council's ROU assets can be found in Note 40

## Notes to the Core Financial Statements

### 15 Heritage Assets

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

	<b>Mayoral Regalia £000</b>	<b>Art Works £000</b>	<b>Total Assets £000</b>
<b>Cost or Valuation</b>			
1st April 2024	673	345	1,018
Movement during year	666	-	666
<b>Net Book Value 31st March 2025</b>	<u>1,339</u>	<u>345</u>	<u>1,684</u>
<b>Cost or Valuation</b>			
1st April 2025	1,339	345	1,684
Movement during year (Revaluation)	-	-	-
<b>Net Book Value 31st March 2026</b>	<u>1,339</u>	<u>345</u>	<u>1,684</u>

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:

<b>2024/25 £000</b>	<b>2025/26 £000</b>
(4,165) Rental Income from Investment Property	(4,147)
1,506 Direct Operating Expenses arising from Investment Property	1,276
<u><b>(2,658) Net gain</b></u>	<u><b>(2,871)</b></u>

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:

<b>2024/25 £000</b>	<b>2025/26 £000</b>
77,904 Balance at Start of Year	87,059
Completed WIP	5,433
Disposals/Derecognitions	(97)
Reclassified from Other Land & Buildings	(495)
(520) Reclassified to Surplus Properties	(4,547)
9,675 Net Gains/(Losses) from Fair Value Adjustments	(4,547)
<u><b>87,059 Balance at End of Year</b></u>	<u><b>87,353</b></u>

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.

## Notes to the Core Financial Statements

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### 16 Investment Property continued

Details of the authority's investment properties as at 31st March 2025 and 2026 are as follows:

<b>2024/25</b>	<b>2025/26</b>
<b>£000</b>	<b>£000</b>
33,305 Office units	29,960
7,920 Airport	10,550
16,830 Industrial	17,120
24,340 Commercial units	23,346
<u>4,664 Other</u>	<u>6,377</u>
<b><u>87,059</u> Balance at End of Year</b>	<b><u>87,353</u></b>

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 2025/26.

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

## 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 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000
<b>Financial Assets</b>				
<b>Amortised Cost</b>				
Investments	11,287	11,288	133,051	114,403
Debtors *	26,085	25,509	95,558	56,481
Cash and Cash Equivalents			31,884	31,071
	<u>37,372</u>	<u>36,797</u>	<u>260,493</u>	<u>201,956</u>
<b>Fair Value through Profit or Loss</b>				
Investments	37,891	87,638	531	704
<b>Total Financial Assets</b>	<u><b>75,263</b></u>	<u><b>124,435</b></u>	<u><b>261,024</b></u>	<u><b>202,660</b></u>
<b>Financial Liabilities</b>				
<b>Amortised Cost</b>				
Creditors *	-	-	(71,688)	(59,807)
<b>Total Financial Liabilities</b>	<u>-</u>	<u>-</u>	<u>(71,688)</u>	<u>(59,807)</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 2026 include a total principal of £213.678m and total accrued interest of £5.176m (£227.026m and total accrued interest of £3.676m as at 31st March 2025).

## Notes to the Core Financial Statements

### 17 Financial Instruments continued

(b) <i>Income, Expense, Gains and Losses</i>	<b>Other Comprehensive Income and Expenditure</b>	<b>Surplus or Deficit on the Provision of Services</b>	
	<b>2025/26 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Net (Gains)/Losses on:			
Available for Sale Financial Assets		-	-
Financial Assets Measured at Fair Value through Profit or Loss		48	6,320
<b>Total Net (Gains)/Losses</b>	<b>-</b>	<b>48</b>	<b>6,320</b>
Interest Income		17,419	15,151
Interest Expense		(1,057)	(1,330)
<b>Net Interest</b>	<b>-</b>	<b>16,362</b>	<b>13,821</b>

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:

	<b>1st April 2025</b>		<b>31st March 2026</b>	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets held at Amortised Cost				
Investments	214,033	214,033	182,760	182,760
Long Term Debtors	25,509	25,509	26,085	26,085
Cash and Cash Equivalents	31,071	31,071	31,884	31,884
<b>Total Financial Assets</b>	<b>270,613</b>	<b>270,613</b>	<b>240,729</b>	<b>240,729</b>

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

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### 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.

<b>31st March 2025 £000</b>		<b>31st March 2026 £000</b>
2,997	Loans for Miscellaneous Advances	2,849
<u>22,512</u>	Loans to Meadowship Homes	<u>23,236</u>
<u><b>25,509</b></u>		<u><b>26,085</b></u>

#### (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.

<b>31st March 2025 £000</b>		<b>31st March 2026 £000</b>
22,149	Opening Balance	22,512
(133)	Loans repaid	-
496	Other Changes	724
<u><b>22,512</b></u>		<u><b>23,236</b></u>

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		IT Stock		Total	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance outstanding at start of year</b>	<b>271</b>	<b>307</b>	<b>8</b>	<b>7</b>	<b>(1)</b>	<b>41</b>	<b>278</b>	<b>355</b>
Purchases	50	4	4	8	71	26	<b>125</b>	38
Usage/Payment/Transfers during the year	(14)	(28)	-	(5)	(29)	(41)	<b>(43)</b>	(74)
Written off								
Balances	-		(5)		-	-	<b>(5)</b>	-
<b>Balance outstanding at year-end</b>	<b>307</b>	<b>283</b>	<b>7</b>	<b>10</b>	<b>41</b>	<b>26</b>	<b>355</b>	<b>319</b>

### 19 Short - Term Debtors

31st March 2025 Net £000		31st March 2026 Net £000
	<b>Debtors</b>	
3,251	Central Government Bodies	47,690
7,741	Other Local Authorities	5,280
21,081	Council Tax	23,882
695	NNDR	558
5,778	NHS Bodies	9,771
605	Public Corporations and Trading Funds	1,354
16,985	Other Entities and Individuals	12,801
4,678	Internal	-
<u>60,814</u>		<u>101,335</u>
4,766	<b>Payments in Advance</b>	5,487
<u><b>65,581</b></u>		<u><b>106,823</b></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:

2024/25		2025/26
£000		£000
57	Cash held by the Authority	53
12,846	Bank Current Accounts	(2,763)
18,169	Short-term Deposits with Money Market Funds*	34,594
<b>31,071</b>	<b>Total Cash and Cash Equivalents</b>	<b>31,884</b>

\* Short-term deposits 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.

2024/25		2025/26
£000		£000
13,040	<b>Balance outstanding at start of year</b>	589
	Assets newly classified/(declassified) as held for sale:	
10,724	Property, Plant and Equipment	6
	Revaluation losses - recognised in Revaluation Reserve	
(11,399)	- recognised in deficit on Provision of Services	
	Revaluation gains	
(11,776)	Assets sold	(506)
<b>589</b>	<b>Balance outstanding at year-end</b>	<b>89</b>

### 22 Financial Assets/Liabilities

#### Short Term Borrowing / Lending

	Balance as at 31st March 2025 £000	Loans Raised £000	Loans Repaid £000	Balance as at 31st March 2026 £000
Former LRB Fund	(967)		967	-
	<b>(967)</b>	-	<b>967</b>	-

\*The LRB balance of £967k has been reclassified as a short term creditor as opposed to short term borrowing

## Notes to the Core Financial Statements

### 23 Short - Term Creditors

31st March 2025 £000	<i>Creditors</i>	31st March 2026 £000
(247)	Central Government Bodies	(4,685)
(2,385)	Other Local Authorities	(5,846)
(3,423)	NHS Bodies	(4,542)
(2,049)	Public Corporations	(673)
(4,428)	Council Tax	(4,492)
(7,851)	Council Tax Precepts (GLA)	(7,068)
(4,395)	NNDR Central Government	(1,697)
(4,927)	NNDR GLA	(1,902)
(1,022)	NNDR LBB	(487)
-	LBB Pension Fund	(1,184)
(50,299)	Other Entities and Individuals	(59,669)
(81,025)		(92,245)
	<i>Receipts in Advance</i>	
(5)	Central Government Bodies	(1,556)
(6)	Other Local Authorities	-
(932)	NHS Bodies	(104)
(5,168)	Other Entities and Individuals	(5,624)
(6,111)		(7,284)
<b>(87,136)</b>		<b>(99,529)</b>

### 24 Other Long Term Liabilities

31st March 2025 Restated* £000		31st March 2026 £000
(2,047)	Liability relating to Defined Benefit Pension Scheme #	(3,592)
(37,450)	Liability relating to Finance Leases *	(36,459)
-	Other Long Term Liabilities'	(113)
(509)	Long term Provisions	(3,921)
<b>(40,005)</b>		<b>(44,085)</b>

# 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 2025	-	(3,013)	(14,435)	(17,448)
Additional Provisions made in year	-	-	(1,656)	(1,656)
Amounts used in year	-	-	1,941	1,941
Unused amounts reversed in year	-	711	6,333	7,044
Amounts reclassified to Long Term Provisions	-	-	214	214
Amounts reclassified to Long Term Creditor	-	-	216	216
Balance at 31st March 2026	<b>0</b>	<b>(2,302)</b>	<b>(7,387)</b>	<b>(9,688)</b>

(a) Outstanding Legal Cases: the Council has not made provision for any financial implications arising from any legal cases in 2025/26

(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 2026 (a total estimate of £2,302k). This provision carries a high degree of uncertainty due to the unknown timing of potential payouts, which are dependent on the settlement of each individual legal case.

(c) Other Provisions include the following:

Provision for repayment of Council Tax and Non-Domestic Rates overpayments of £6,443k has been carried forward to 2025/26. The timings of potential refunds are highly uncertain which are dependent on individual refund applications being made.

Provision of £862k has been made to reflect the potential repayment of business rates due to successful appeals by ratepayers to the Valuation Office Agency (VOA). The potential timings of rebates is highly uncertain due to a surge in cases following recent rating list revaluations.

All other provisions are individually immaterial.

### 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

<b>31st March 2025</b>	<b>31st March 2026</b>
<b>*Restated £000</b>	<b>£000</b>
(91,102) Revaluation Reserve	(89,752)
12,362 Pooled Investment Funds Adjustment Account	2,109
(353,431) Capital Adjustment Account	(378,725)
2,047 Pensions Reserve	3,592
(35,186) Deferred Capital Receipts Reserve	(35,164)
(2,080) Collection Fund Adjustment Account	(9,809)
3,396 Accumulated Absences Account	2,954
27,061 Dedicated Schools Grant adjustment account	39,979
12,289 Financial Instruments Adjustment Account	11,783
<b>(424,644) Total Unusable Reserves</b>	<b>(453,032)</b>

#### 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.

<b>2024/25 £000</b>		<b>2025/26 £000</b>
(89,273) <b>Balance as at 1st April</b>		(91,102)
(5,885) Upward revaluation of assets	(9,272)	
3,583 Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	6,771	
(2,302) Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services		(2,501)
473 Accumulated losses on assets sold or scrapped	3,851	
473 Amount written off to Capital Adjustment Account		3,851
<b>(91,102) Balance as at 31st March</b>		<b>(89,752)</b>

#### 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 2024/25 £000		PIFAA 2025/26 £000
12,409	<b>Balance as at 1st April</b>	12,362
(47)	Gains/(losses) on revaluation of investments	(6,321)
-	Gains/(losses) on disposal of investments	(3,932)
(47)		(10,253)
<b>12,362</b>	<b>Balance as at 31st March</b>	<b>2,109</b>

### 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.

2024/25 Restated* £000		2025/26 £000
<b>(351,914)</b>	<b>Balance as at 1st April</b>	<b>(353,431)</b>
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income &amp; Expenditure Statement:</i>	
14,999	Charges for depreciation and	16,661
15,850	Impairment of non-current assets	5,630
7,067	Revenue expenditure funded from capital under statute	23,530
5,771	Recognition of Lease Liabilities	(24)
43,687	Net written out amount of the cost of non-current assets consumed in the year	45,796
	<i>Capital financing applied in the year:</i>	
(27,374)	Use of Capital Receipts Reserve to finance new capital expenditure	(36,036)
(15,459)	Application of grants to capital financing from the Capital Grants Unapplied Account	(42,376)
11,306	Sale proceeds credited as part of the gain and loss on disposal to the CIES	9,436
(1,613)	Statutory provision for capital financing charged against the General Fund	(2,299)
(2,389)	Capital expenditure charged against the General Fund balance	(4,362)
(35,529)		(75,637)
(9,675)	Movements in market value of Investment Properties debited or credited to CI&E Statement	4,547
<b>(353,431)</b>	<b>Balance as at 31st March</b>	<b>(378,725)</b>

\* 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 statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25		2025/26
£000		£000
2,540	<b>Balance as at 1st April</b>	2,047
547	Actuarial gains or (losses) on pensions assets and liabilities	5,563
10,937	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	8,489
(11,977)	Employer's pension contributions and direct payments to pensioners payable in the year	(12,507)
<u>2,047</u>	<b>Balance as at 31st March</b>	<u>3,592</u>

#### 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.

2024/25		2025/26
£000		£000
(35,319)	<b>Balance as at 1st April</b>	(35,186)
-	New advances	-
133	Transfer to the Capital Receipts Reserve upon receipt of cash	22
<u>(35,186)</u>	<b>Balance as at 31st March</b>	<u>(35,164)</u>

## 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.

2024/25 £000		2025/26 £000
(2,486)	<b>Balance as at 1st April</b>	(2,080)
	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	(7,729)
<b>(2,080)</b>	<b>Balance as at 31st March</b>	<b>(9,809)</b>

#### 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.

2024/25 £000		2025/26 £000
3,014	<b>Balance as at 1st April</b>	3,396
(3,014)	Settlement or cancellation of accrual made at the end of the preceding year	(3,396)
3,396	Amounts accrued at the end of the current year	2,954
	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	(442)
<b>3,396</b>	<b>Balance as at 31st March</b>	<b>2,954</b>

#### 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.

2024/25 £000		2025/26 £000
16,222	<b>Balance as at 1st April</b>	27,061
10,839	School budget deficit transferred from General Fund in accordance with statutory requirements	12,918
<b>27,061</b>	<b>Balance as at 31st March</b>	<b>39,979</b>

## Notes to the Core Financial Statements

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### 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.

<b>2024/25</b>		<b>2025/26</b>
<b>£000</b>		<b>£000</b>
12,785	<b>Balance as at 1st April</b>	12,289
	Amount by which finance costs charged to the Comprehensive	
	Income and Expenditure Statement are different from finance	
(496)	costs chargeable in the year in accordance with statutory	(506)
	requirements	
<b><u>12,289</u></b>	<b>Balance as at 31st March</b>	<b><u>11,783</u></b>

## Notes to the Core Financial Statements

### 28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2024/25	2025/26
£000	£000
(20,491) Interest Received	(16,721)
<u>(20,491) Net Interest Received</u>	<u>(16,721)</u>
<b>2024/25</b>	<b>2025/26</b>
<b>*Restated</b>	
<b>£000</b>	<b>£000</b>
(15,000) Depreciation	(16,661)
(6,175) Impairment/Reversals and Downward Valuations	(10,273)
4,347 Increase/Decrease in Creditors & Provisions	(38,692)
21,340 Increase/Decrease in Debtors (net of bad debts)	67,968
77 Increase/Decrease in Inventories	(37)
(5,105) Movement in Pension Liability & Finance Leases	(680)
496 Movement in Fair Value of Financial Instruments	496
(12,827) Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	(13,482)
2,596 Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	9,261
<u>(10,251)</u>	<u>(2,099)</u>

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

2024/25	2025/26
£000	£000
4,711 Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(11,200)
12,358 Other Items for which the Cash Effects are Investing or	(46,640)
<u>17,069</u>	<u>(57,839)</u>

### 29 Cash Flow Statement - Investing Activities

2024/25	2025/26
£000	£000
46,903 Purchase of Property, Plant and Equipment and Investment	72,819
455,600 Purchase of Short-term and Long-term Investments	664,800
(4,711) Proceeds from the Sale of Property, Plant and Equipment and Investment Property	11,200
(542,608) Proceeds from Short-term and Long-term Investments	(660,667)
(15,036) Other Receipts from Investing Activities	11,408
<u>(59,852) Net Cash Flows from Investing Activities</u>	<u>99,559</u>

### 30a Cash Flow Statement - Financing Activities

2024/25	2025/26
£000	£000
7,275 Cash Receipts from Short-term Borrowing	-
- Cash Payments for the Reduction of Outstanding Liabilities	-
1,512 Relating to Finance Leases	2,164
<u>8,786 Net Cash Flows from Financing Activities</u>	<u>2,164</u>

## Notes to the Core Financial Statements

### 30b Reconciliation of liabilities arising from financing activities

The reconciliation of liabilities arising from Financing Activities have been shown below:

	Opening Balance 1st April £000	Financing cash flows £000	Changes which are not financing cash flows - Acquisition £000	Changes which are not financing cash flows - Other non- financing cash flows £000	Closing Balance 31st March £000
<b>2025-26</b>					
Short-term borrowings	(967)	-	-	967	-
Lease liabilities	(509)	2,164	-	(38,227)	(36,572)
<b>Total liabilities from financing activities</b>	<b>(1,476)</b>	<b>2,164</b>	<b>-</b>	<b>(37,260)</b>	<b>(36,572)</b>

	Opening Balance 1st April	Financing cash flows	Changes which are not financing cash flows - Acquisition	Changes which are not financing cash flows - Other non- financing cash flows	Closing Balance 31st March
<b>2024-25</b>					
Short-term borrowings	(8,240)	7,273	-	-	(967)
Lease liabilities	(28,763)	490	-	(49)	(28,322)
<b>Total liabilities from financing activities</b>	<b>(37,003)</b>	<b>7,763</b>	<b>-</b>	<b>(49)</b>	<b>(29,289)</b>

## 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.

<b>2024/25</b>		<b>2025/26</b>
<b>Integrated Community Equipment Services £000</b>		<b>Integrated Community Equipment Services £000</b>
	<b>Income</b>	
(1,320)	South East London ICB contribution	(1,263)
(1,905)	London Borough of Bromley contribution	(2,451)
<u>(3,225)</u>	<b>Gross Income</b>	<u>(3,714)</u>
	<b>Expenditure</b>	
3,936	Integrated Community Equipment Service	3,670
<u>3,936</u>	<b>Gross Expenditure</b>	<u>3,670</u>
<u>711</u>	<b>Deficit / (Surplus) for the Year</b>	<u>(44)</u>

<b>2024/25</b>		<b>2025/26</b>
<b>Mental Health Services £000</b>		<b>Mental Health Services £000</b>
	<b>Income</b>	
(19,642)	Oxleas NHS Foundation Trust contribution	(20,093)
(1,834)	London Borough of Bromley contribution	(1,943)
<u>(21,476)</u>	<b>Gross Income</b>	<u>(22,036)</u>
	<b>Expenditure</b>	
24,044	Mental Health Functions	25,107
<u>24,044</u>	<b>Gross Expenditure</b>	<u>25,107</u>
<u>2,568</u>	<b>Deficit / (Surplus) for the Year</b>	<u>3,071</u>

It has been agreed that half of the overspend (£41k) will be invoiced by Oxleas under the Section 3 agreement, in accordance with the arrangement to share overspends and underspends on an equal basis. LBB's reported expenditure of £1,943k includes an accrual of £41k in respect of this liability. □

## 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:

<b>2024/25</b>		<b>2025/26</b>
<b>Better Care Fund</b>		<b>Better Care Fund</b>
<b>£000</b>		<b>£000</b>
	<b>Income</b>	
(28,605)	Bromley CCG revenue funding	(29,189)
(1,856)	Discharge Grant Funding	(1,892)
(3,030)	Disabled Facilities capital grant	(3,243)
(4,149)	Carry Forward from 2024/25 - Capital	(4,445)
308	Carry Forward to 2025/26 - Revenue	(263)
<b>(37,332)</b>	<b>Gross Income</b>	<b>(39,032)</b>
	<b>Expenditure</b>	
30,094	Revenue expenditure	31,339
2,734	Capital expenditure	3,232
<b>32,828</b>	<b>Gross Expenditure</b>	<b>34,571</b>
	<b>Deficit / (Surplus) for the Year</b>	
(59)	Revenue	(5)
(4,445)	Capital	(4,456)
<b>(4,504)</b>		<b>(4,461)</b>

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.

<b>2024/25</b>		<b>2025/26</b>
<b>Improved Better Care Fund</b>		<b>Improved Better Care Fund</b>
<b>£000</b>		<b>£000</b>
	<b>Income</b>	
-	Revenue grant funding	(7,731)
(7,731)	Carry Forward from 2024/25	(1,473)
<b>(9,358)</b>	<b>Gross Income</b>	<b>(9,204)</b>
	<b>Expenditure</b>	
7,885	Revenue expenditure	8,467
<b>7,885</b>	<b>Gross Expenditure</b>	<b>8,467</b>
	<b>Deficit / (Surplus) for the Year</b>	
<b>(1,473)</b>		<b>(737)</b>

The surplus on IBCF has been carried forward to meet agreed priorities in 2026/27.

## Notes to the Core Financial Statements

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### 32 Members Allowances

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

2024/25		2025/26
£000		£000
1,197	Allowances	1,229
<u>9</u>	Expenses	<u>7</u>
<u>1,207</u>	Total	<u>1,236</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 2026, the actuary estimated the past service cost in 2025/26 to be £335k, (£0 in 2024/25).

- 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 2025/26 and 2024/25) 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 2025/26 (also £nil in 2024/25).

The following charges have been posted to Non Distributed Costs:

2024/25		2025/26
£000		£000
-	Past Service Costs	335
<u>41</u>	Other Pension Costs	<u>409</u>
<u>41</u>		<u>744</u>

## Notes to the Core Financial Statements

### 34 Officers Remuneration

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

<b>Disclosure of remuneration for senior employees 2025/26</b>	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	263,577	-	263,577	43,905	-	307,482
Director of Corporate Services & Governance - T Shawkat	192,978	-	192,978	34,157	-	227,135
Director of Finance - P Turner	210,976	766	211,742	38,047	-	249,789
Director of Human Resources and Customer Services - C Obazuaye	208,999	380	209,378	35,763	-	245,142
Director of Public Health - N. Lemic-Stojcevic	207,995	-	207,995	-	-	207,995
Director of Environment & Public Protection- D Jones	171,000	4,194	175,194	30,267	-	205,461
Director of Housing, Planning & Regeneration- S Bowrey	195,359	-	195,359	33,658	-	229,017
Director of Adult Social Care - D Glover	168,428	982	169,410	29,812	-	199,222
Director of Education- J Nehra	152,114	-	152,114	26,924	-	179,038
Director of Children's Services- R Baldwin	145,834	-	145,834	34,157	-	179,992
	<b>1,917,260</b>	<b>6,321</b>	<b>1,923,581</b>	<b>306,691</b>	<b>-</b>	<b>2,230,272</b>

# 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:

<b>Disclosure of remuneration for senior employees 2024/25</b>	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	271,601	-	271,601	43,044	-	314,645
Director of Corporate Services- T Shawkat	186,430	-	186,430	32,998	-	219,428
Director of Finance - P Turner	211,873	3,250	215,123	36,825	-	251,948
Director of Human Resources and Customer Services - C Obazuaye	218,220	-	218,220	34,638	-	252,858
#Director of Public Health - N. Lemic-Stojcevic	203,917	-	203,917	-	-	203,917
Director of Environment & Public Protection- C Brand	185,571	9,705	195,276	32,642	-	227,918
Director of Housing, Planning & Regeneration- S Bowrey	196,400	-	196,400	32,998	-	229,398
Director of Education- J Nehra	136,925	-	136,925	23,235	-	160,160
Director of Children's Services- R Baldwin	186,430	-	186,430	32,998	-	219,428
	<b>1,797,367</b>	<b>12,955</b>	<b>1,810,322</b>	<b>269,378</b>	<b>-</b>	<b>2,079,700</b>

# 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:

2024/25			Annual Remuneration	2025/26		
Non-School Employees	School Employees	Total Employees		Non-School Employees	School Employees	Total Employees
131	11	142	£50,000-£54,999	113	15	128
75	9	84	£55,000-£59,999	115	7	122
53	4	57	£60,000-£64,999	49	6	55
37	3	40	£65,000-£69,999	41	2	43
24	2	26	£70,000-£74,999	35	1	36
21	2	23	£75,000-£79,999	15	-	15
9	1	10	£80,000-£84,999	13	3	16
12	1	13	£85,000-£89,999	10	-	10
4		4	£90,000-£94,999	10	1	11
11		11	£95,000-£99,999	5	1	6
3	1	4	£100,000-£104,999	5	-	5
6		6	£105,000-£109,999	3	1	4
5		5	£110,000-£114,999	7	-	7
		-	£115,000-£119,999	4	-	4
2		2	£120,000-£124,999	2	-	2
1		1	£125,000-£129,999	1	-	1
		-	£130,000-£134,999	2	-	2
2		2	£135,000-£139,999	-	-	-
		-	£140,000-£144,999	1	-	1
		-	£145,000-£149,999	1	-	1
		-	£150,000-£154,999	1	-	1
		-	£155,000-£159,999	-	-	-
		-	£160,000-£164,999	-	1	1
		-	£165,000-£169,999	1	-	1
	1	1	£170,000-£174,999	1	-	1
		-	£175,000-£179,999	-	-	-
1		1	£180,000-£184,999	-	-	-
2		2	£185,000-£189,999	-	-	-
1		1	£190,000-£194,999	1	-	1
		-	£195,000-£199,999	1	-	1
1		1	£200,000-£204,999	-	-	-
		-	£205,000-£209,999	2	-	2
-	-	-	£210,000-£214,999	1	-	1
1		1	£215,000-£219,999	-	-	-
		-	£220,000-£224,999	-	-	-
		-	£225,000-£229,999	-	-	-
		-	£230,000-£234,999	-	-	-
		-	£235,000-£239,999	-	-	-
		-	£240,000-£244,999	-	-	-
		-	£245,000-£249,999	-	-	-
		-	£250,000-£254,999	-	-	-
		-	£255,000-£259,999	-	-	-
		-	£260,000-£264,999	1	-	1
1		1	£265,000-£269,999	-	-	-

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	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £000s	2025/26 £000s
£0 - £20,000	5	20	-	1	5	21	50	173
£20,001 - £40,000		2				2		68
£40,001 - £60,000		2			-	2		106
£60,001 - £80,000		3				3		194
£80,001 - £100,000		1			-	1		81
£100,001 - £150,000		-				-		
£151,001 - £200,000					-	-		
<b>Total</b>	<b>5</b>	<b>28</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>29</b>	<b>50</b>	<b>622</b>

In 2025/26 the total cost of £622k (£50k in 2024/25) 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

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### 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:

2024/25 £000		2025/26 £000
	Fees payable to Ernst & Young LLP with regard to:	
362	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	372
30	Fees payable to KPMG LLP for the certification of grant claims returns for the year	30
<hr/> <b>392</b> <hr/>		<hr/> <b>402</b> <hr/>

## 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 2025/26 are as follows:**

Notes	Central expenditure	Individual schools budget	Total
A Final DSG for 2025/26 before academy and high needs recoupment			436,246,083
B Academy and high needs figure recouped for 2025/26			291,477,837
C Total DSG after academy and high needs recoupment for 2025/26			144,768,246
D Plus: Brought forward from 2024/25			-
E Less: Carry-forward to 2026/27 agreed in advance			-
F Agreed initial budgeted distribution in 2025/26	63,933,532	80,834,714	144,768,246
G In-year adjustments	-	(1,101,668)	(1,101,668)
H Final budget distribution for 2025/26	<b>63,933,532</b>	<b>79,733,046</b>	<b>143,666,578</b>
I Less: Actual central expenditure	80,647,897		80,647,897
J Less: Actual ISB deployed to schools		75,937,158	75,937,158
K Plus: Local authority contribution for 2025/26			-
L In-year carry-forward to 2026/27	<b>(16,714,365)</b>	<b>3,795,888</b>	<b>(12,918,477)</b>
M Plus: Carry-forward to 2026/27 agreed in advance			-
N Carry-forward to 2026/27			-
O DSG unusable reserve at the end of 2024/25			(27,060,948)
P Addition to DSG unusable reserve at the end of 2025/26			<b>(12,918,477)</b>
Q Total of DSG unusable reserve at the end of 2025/26			<b>(39,979,425)</b>
R Net DSG position at the end of 2025/26			<b>(39,979,425)</b>

## Notes to the Core Financial Statements

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### 36 Dedicated Schools Grant continued

- (A) Final DSG figure before any amount has been recouped from the authority as published March 2026. Do not include the adjustment to the 2024/25 DSG for early years made during 2025/26 based on January 2025 numbers or top-up funding (see G below).
- (B) Figure recouped from the authority in 2025/26 by the DfE for the conversion of maintained schools into academies and for high needs payments made by DfE.
- (C) Total DSG figure after academy and high needs recoupage for 2025/26, as published March 2026. (Do not deduct centrally funded licences.)
- (D) Figure brought forward from 2024/25. There can only be an entry here if this is a surplus or zero; a deficit must have been placed in the DSG unusable reserve created by the then MHCLG's amending regulations (see line O).
- (E) Any amount which the authority decided after consultation with the schools forum to carry forward to 2026/27 rather than distribute in 2025/26 – this may be the difference between estimated and final DSG for 2025/26, or a figure brought forward from 2024/25 which the authority is carrying forward again.
- (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.
- (G) Changes to the initial distribution, for example adjustments for exclusions, NNDR payments or the final early years block adjustment for 2024/25 made during 2025/26 on the basis of January 2025 numbers. Safety valve payments count as DSG and should be included here if paid in 2025/26.
- (H) Budgeted distribution of DSG as at the end of the financial year.
- (I) Actual amount of central expenditure items in 2025/26 – amounts not actually spent, e.g. 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 2025/26 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 2025/26, i.e.:
- 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 actually deployed to schools (item J16), plus any local authority contribution (item K18).
- (M) Plus/minus any carry-forward to 2026/27 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 2026/27 already agreed (item E5). To be entered in this line, this figure can only be a surplus or zero; if it results in a deficit, enter zero. Any in-year deficit in 2025/26 must be recorded as part of the DSG unusable reserve (item P26).
- (O) DSG unusable reserve at end of 2024/25 (if any) – any amount placed in the unusable reserve at the end of 2020/21, 2021/22, 2022/23, 2023/24 or 2024/25 in accordance with the MHCLG amending regulations.
- (P) Any addition to DSG unusable reserve in 2025/26 as a result of an in-year deficit in 2025/26; figure 24 is to be entered here rather than at N when it is a deficit.
- (Q) Total of DSG unusable reserve at end of 2025/26; this is the total of O25 and P26.
- (R) Net DSG position at the end of 2025/26; 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

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### 37 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25 and 2025/26.

<i>Credited to Taxation and Non Specific Grant Income</i>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants:</b>		
Business Rates Related Grant Income	26,338	24,712
Employer NI Funding Grant	-	2,363
Revenue Support Grant	316	-
New Homes Bonus	409	10
Local Support Services Grant	269	-
New Burdens Grant	28	-
Levy Account Surplus Grant	323	-
Funding Guarantee	172	-
	<u>27,855</u>	<u>27,085</u>
<b>Total Government Grants</b>	<u><b>27,855</b></u>	<u><b>27,085</b></u>
<b>Other Capital Grants and Contributions:</b>	<u><b>12,358</b></u>	<u><b>46,640</b></u>
<b>Total Credited to Taxation and Non Specific Grant Income</b>	<u><b>40,213</b></u>	<u><b>73,725</b></u>
<i>Credited to Services</i>		

## Notes to the Core Financial Statements

### *Grant Income continued*

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants:</b>		
Dedicated Schools Grant	118,966	143,560
Housing Benefit & Council Tax	73,554	61,065
High Needs Stability Grant	-	35,981
Contribution from Health - Better Care Fund	28,247	29,453
Public Health	16,530	18,137
Social Care Support Grant	12,735	15,267
Adult Social Care Support	7,661	10,363
Other Miscellaneous Grants & Contributions below £1m	14,445	8,463
Contributions from Health - Social Care Packages	5,061	7,363
Homelessness Prevention Grant	4,904	7,019
Free School Meals Grant	6,698	6,760
Extended Producer Responsibility Grant	-	5,402
Market Sustainability & Fair Cost of Care Fund	5,208	5,208
Improved Better Care Fund Additional	4,636	4,636
Core Schools Budget Grant	-	4,472
Household Support Fund	3,736	3,292
6th Form Budget Share	2,981	3,158
Children's Placements	2,850	2,579
Supporting Families (Formerly Troubled Families)	1,195	2,078
ICB Discharge Funding	1,779	1,929
S75 Agreement	2,007	1,911
Improved Better Care Fund	1,904	1,904
Discharge Funding	1,813	1,892
Adult Education Grant	1,785	1,844
Pupil Premium	1,374	1,319
Unaccompanied Asylum Seekers	2,230	1,198
Winter Pressures	1,191	1,190
Section 256 agreement	19,000	847
Homes for Ukraine	3,956	723
Early Years Supplementary Grant	1,256	600
Teachers Pension Grant	1,323	160
	<b>349,025</b>	<b>389,773</b>

## Notes to the Core Financial Statements

### 37 Grant Income continued

<i>Credited to Services continued</i>	<b>2024/25</b> <b>£000</b>	<b>2025/26</b> <b>£000</b>
Capital Grants:		
Basic Need	1,765	336
Disabled Facilities Grant	3,031	3,236
Maintenance in Schools	463	4
Devolved Formula Capital	-	26
	<u>5,259</u>	<u>3,601</u>
<b>Total Government Grants</b>	<b><u>394,497</u></b>	<b><u>467,099</u></b>
Other Grants and Contributions:		
Other Grants and Contributions	241	1,175
Section 106 Developers Contributions	91	-
<b>Total Contributions</b>	<b><u>333</u></b>	<b><u>1,175</u></b>
<b>Total Credited to Services</b>	<b><u>394,830</u></b>	<b><u>468,274</u></b>

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 and Contributions Receipts in Advance (Revenue)</i>	<b>2024/25</b> <b>£000</b>	<b>2025/26</b> <b>£000</b>
Homes for Ukraine	835	-
Section 31 Grants	-	375
ASC - Accelerated Reform Grant Funding	1,174	206
Other Miscellaneous Grants	141	99
MOPAC Grant	140	-
Section 106 Developers Contributions - Revenue	4,419	5,147
<b>Total Government Grants</b>	<b><u>6,709</u></b>	<b><u>5,828</u></b>
<i>Grants and Contributions Receipts in Advance (Capital)</i>		
Section 106 Developers Contributions - Capital	5,273	5,099
<b>Total Contributions</b>	<b><u>5,273</u></b>	<b><u>5,099</u></b>
<b>Total Receipts in Advance</b>	<b><u>11,982</u></b>	<b><u>10,926</u></b>

## Notes to the Core Financial Statements

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### 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 2026 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 2025/26 is shown in Note 32. During 2025/26, there are no declarable related party transactions:-

#### Officers

i) During 2025/26 £10.6m 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

In 2025/26, £1.265m was charged to the Fund for expenses incurred in administering the Fund (£0.825m in 2024/25). Entities Controlled or Significantly Influenced by the Authority

#### 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 and has yet to be financed. The CFR is analysed in the second part of this note.

	<b>2024/25</b>	<b>2025/26</b>
	<b>*Restated</b>	
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	74,448	89,393
<i>Capital investment</i>		
Property, Plant and Equipment	47,859	72,820
Long term debtors	-	-
Revenue Expenditure Funded from Capital under Statute	7,067	23,530
	<b>54,926</b>	<b>96,350</b>
<i>Sources of finance</i>		
Capital receipts	28,595	36,036
Government grants and other contributions	15,459	42,376
Sums set aside from revenue:		
Direct revenue contributions	2,390	4,362
Minimum Revenue Provision	214	2,299
Finance Leases Repaid/Terminated	2,451	318
	<b>49,108</b>	<b>85,391</b>
Movement in Capital Financing Requirement	<b>5,818</b>	10,959
<i>Closing Capital Financing Requirement</i>	<b>80,266</b>	<b>100,352</b>
<i>Explanation of movements in year</i>		
Increase/(Reduction) in underlying need for borrowing (unsupported by government financial assistance)	12,850	10,092
Assets acquired under finance leases	2,095	867
Increase/(decrease) in Capital Financing Requirement	<b>14,945</b>	<b>10,959</b>

## Notes to the Core Financial Statements

### 40 Leases

#### IFRS 16 - Leases

IFRS 16 was implemented in 24/25 with all leases now treated as finance leases and recognised on the Balance Sheet as right-of-use assets with corresponding lease liabilities. The Council applied the modified retrospective approach in accordance with the Code, so prior-year comparatives have not been restated. Exemptions were applied for low-value leases and those with fewer than twelve months remaining at transition.

Lease liabilities at 1 April 2025 were measured at the present value of remaining lease payments, discounted using the implicit rate where available or otherwise the Council's incremental borrowing rate (PWLB). The weighted-average incremental borrowing rate applied was 1.57%, reflecting the historic rate used when the Council's only material lease (Beehive Affordable Homes) commenced, as permitted by the Code.

The Beehive Affordable Homes lease, measured at £23m, was already classified as a finance lease under IAS 17, so IFRS 16 did not change its accounting treatment.

The Veolia lease contract had already been appropriately classified as a finance lease under IAS 17. As this classification was consistent with the principles of a service concession arrangement, the adoption of IFRS 16 did not result in any change the its accounting.  
IAS 17.

There is no material difference between the operating lease commitments previously disclosed under IAS17 and the lease liabilities recognised on 1 April 2024, as Beehive was already recognised on the Balance Sheet under the previous standard.

#### 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 Housing Association 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.

	<b>Land and Buildings £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Total £000</b>
Balance as at 1 April 2025	32,572	7,265	39,838
Additions	-	2,381	2,381
Revaluations	-2,217	-	-2,217
Depreciation and Amortisation	-554	-1,261	-1,815
Disposals	-	-293	-293
Balance as at 31 March 2026	<b>29,801</b>	<b>8,092</b>	<b>37,893</b>

## Notes to the Core Financial Statements

### 40 Leases continued

#### Transactions under leases

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

	2024/25 £000	2025/26 £000
<u>Comprehensive income &amp; expenditure statement</u>		
Interest expense on lease liabilities	584	702
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	1,512	2,164

#### 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).

The Lease liabilities are included as £1.399m in short term creditors and £27.419m in other long term liabilities within the Balance Sheet

	31st March 2025 *Restated £000	31st March 2026 £000
Less than one year	1,512	2,164
One to five years	4,377	6,832
More than five years	32,972	29,627
Total undiscounted liabilities	<u>38,861</u>	<u>38,623</u>

## Notes to the Core Financial Statements

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### 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

	2024/25 £000	2025/26 £000
<u>Operating Leases</u>		
Total lease income	7,373	8,095
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 2025 £000	31st March 2026 £000	31st March 2025 £000	31st March 2026 £000
Less than one year	-	-	6,604	7,080
More than one and less than five years	-	-	13,975	15,544
More than five years	-	-	39,908	36,763
Total undiscounted receivables	-	-	<u>60,487</u>	<u>59,387</u>

## Notes to the Core Financial Statements

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### 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 become an integrated Waste Collection and Management contract for both collection and disposal of household waste, with an end date of 31st of March 2019. Onyx (UK) became Veolia Environmental Services in 2005.

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

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. The total cost of the Waste Disposal contract to 31st March 2026 was £64 m and the total cost of the Waste Collection contract to 31st March 2026 was £117m.

The value of Veolia's assets on the Balance Sheet increased from £6.208m as at 31/03/25 to £7.075m as at 31/03/26 (with £0.704m depreciation, £0.189m disposals/derecognitions and additions £1.761m in 25/26)

#### **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 £38.8m to 31st March 2026, (£33.81m to 31 March 2025).

## Notes to the Core Financial Statements

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### 42 Impairment Losses/(Reversals)

During 2025/26 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.

2024/25		2025/26
£000		£000
4,451	Property, Plant and Equipment	5,628
11,399	Assets Held for Sale	-
<u>15,850</u>		<u>5,628</u>

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

2024/25		2025/26
£000		£000
1	Adult Care and Health Services	512
89	Children, Education and Families	817
1,544	Environment & Community Services	(537)
15,838	Renewal, Recreation and Housing	4,842
(1,622)	Resources, Commissioning and Contracts Management	(6)
<u>15,850</u>		<u>5,628</u>

### 43 Termination Benefits

The Authority terminated the contracts of a number of employees in 2025/26 incurring liabilities of £623k (£50k in 2024/25) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2025/26 related to 36 employees across all departments of the Authority (5 employees in 2024/25).

## Notes to the Core Financial Statements

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### *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.

## Notes to the Core Financial Statements

### *(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 2025 and 2026, prepared by the Council's actuary, Mercer.

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

	2024/25	2025/26
<u>Comprehensive Income &amp; Expenditure Statement</u>	<b>£000</b>	<b>£000</b>
Current service cost	10,435	7,313
Curtailments	41	409
Administration Costs*	630	676
Past Service Cost	-	335
Total included in Cost of Services	<u>11,106</u>	<u>8,733</u>
<u>Financing &amp; Investment Income &amp; Expenditure</u>		
Net Pensions interest cost	(15,591)	(23,762)
Interest on asset ceiling	15,422	23,518
Total included in Surplus or Deficit on the Provision of Services	<u>10,937</u>	<u>8,489</u>
<u>Other Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</u>		
Remeasurement of Net Defined Benefit Obligation	547	5,563
<u>Total Post-employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</u>	<u>11,484</u>	<u>14,052</u>
<u>Movement in Reserves Statement</u>		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	10,937	8,489
Employers' contributions and benefits payable direct to pensioners	(11,977)	(12,507)
	<u>(1,040)</u>	<u>(4,018)</u>
Actual return on scheme assets	<u>35,111</u>	<u>102,175</u>

\* The previously reported administration costs for 2024-25 contained a casting error. The previously reported figure of -£630k should have been presented as a cost and has therefore been corrected in the above disclosure note. This correction does not affect the core financial statements and therefore a prior year adjustment has not been made.

## 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	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Present value of defined benefit obligation	(637,337)	(659,454)	2,047	3,592
Fair value of plan assets	1,042,819	1,167,219	-	-
Impact of asset ceiling	(405,482)	(507,765)		
Net liability from defined benefit obligation *	-	-	2,047	3,592

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

	LGPS		Unfunded Benefits	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Opening Liability	712,352	637,337	2,540	2,047
Current service cost	10,435	7,313	-	-
Interest on pension liabilities	34,164	36,053	113	104
Member Contributions	4,514	4,829	-	-
Remeasurement (gains)/losses:				
Experience	(943)	9,352	(4)	1,970
Financial assumptions	(86,430)	(262)	(113)	-
Demographic assumptions	(2,031)	302	(7)	6
Past service costs		335		
Curtailments	41	409	-	-
Settlements	-	-	-	-
Benefits paid	(34,765)	(36,215)	(482)	(535)
Closing Liability (Defined Benefit)	<b>637,337</b>	<b>659,453</b>	<b>2,047</b>	<b>3,592</b>

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

	LGPS		Unfunded Benefits	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Opening fair value of scheme assets	1,027,094	1,042,819		
Interest on plan assets	49,868	59,920		
Remeasurements (assets)	(14,757)	84,570		
Administration Expenses	(630)	(676)		
Contributions by employer	12,459	11,972	482	535
Contributions by scheme members	4,514	4,829		
Settlements				
Benefits paid	(35,729)	(36,215)	(482)	(535)
Closing fair value of scheme assets	<b>1,042,819</b>	<b>1,167,219</b>	<b>-</b>	<b>-</b>

In 2025/26, the net liability changed from a deficit of £2.05m to a deficit of £3.59m. The increase in liability is mainly due to experience losses on unfunded benefits. The actual return on plan assets in the year was a gain of £102.2m (loss of £35.1m in 2024/25). The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £663.0m 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 £3.59m. 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 2025.

\* The previously reported impact of the asset ceiling and Present value of defined benefit obligation for 2024-25 contained a casting error. The previously reported figure of £2.1bn against Net liability from defined benefit obligation has been corrected in the above disclosure note for 204-25. This correction does not affect the core financial statements and therefore a prior year adjustment has not been made.

## 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 2025 £000	As at 31st March 2026 £000
Equities	550,608	658,663
Government bonds	23,985	40,736
Other bonds	113,667	105,633
Property Funds	136,609	142,167
Other	163,723	184,187
Cash / liquidity	54,227	35,833
	<u>1,042,819</u>	<u>1,167,219</u>

#### (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 2025 and latest estimates for the Fund as at 31st March 2026.

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

	As at 31st March 2025	As at 31st March 2026
Longevity at 65 for pensioners retiring today (years):		
Men	21.8	21.9
Women	24.1	24.3
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	22.8	22.9
Women	25.8	25.8
Rate of inflation - CPI	2.6%	2.9%
Rate of increase in salaries	4.1%	4.4%
Rate of increase in pensions	2.7%	3.0%
Rate for discounting scheme liabilities	5.8%	6.1%

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 remedy for McCloud became law from October 2023. The key feature of the remedy is to extend the final salary underpin to all members who were in a public sector scheme on or before 31st March 2012 and either remain active or left service after 1st April 2014 (including to those members who no longer have a benefit entitlement from the Fund). The figures include an allowance for McCloud that is in line with the remedy, and is based on the data used in the 2025 actuarial valuation.

## Notes to the Core Financial Statements

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### 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

	<b>Change of +/- 1% £000</b>
IAS 19 Liability figure	
+ 0.5% on rate for discounting scheme liabilities	625,950
+ 0.25% on inflation rate	682,410
+ 0.25% on pay growth	664,700
+1 year on life expectancy	676,920

#### (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 updated triennial valuation was completed as at 31st March 2025. This proposed that for the period between 2026-27 and 2028-29, primary rates would be 17.7% of pensionable pay, off-set by a reduction of 13.1% in secondary rates due the scheme being in a surplus position (total contribution rate of 4.6%).

As at 31 March 2025 there was a surplus of £504m against the Fund's solvency funding target (£176m at 31 March 2022) As part of this valuation, the Administering Authority has set an average recovery plan of approximately 25 years for employers in deficit and 25 years for employers in surplus where a surplus offset applies.

The actuary has estimated a total authority contribution of £3.11m in 2025/26. The weighted average duration of the defined benefit obligation for scheme members is 12 years as at 31st March 2026 (16 years as at 31st March 2025).

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 2025/26, Bromley paid into the Pension Fund a total contribution of £11.972m (17.7% of total pensionable pay). This included allowance for surplus offset contributions of 0.6% of pensionable pay, This compares to £11.495m (17.7%) in 2024-25.

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 2025/26 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.

## Notes to the Core Financial Statements

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### *Disclosure of Information about Post-employment Benefits continued*

#### *(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 2025/26, Bromley paid £1.08m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 28.7% of teachers' pensionable pay. The figures for 2024/25 were £1.04m and 28.8%. In addition, Bromley is responsible for all pension payments relating to added years it has awarded. Payments relating to added years in 25-26 amounted to £4k. The amount in 24-25 was £1k.

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

#### *(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 2025/26, the Authority made £73k in payments to the NHS scheme (14.8% of payroll) in respect of these staff (£70k and 14.3% in 2024/25). The authority is not liable to the scheme for any other entities' obligations under the plan. The estimated payment for 2026/27 is £74k.

## Notes to the Core Financial Statements

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### **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 2025/26 there are five 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, therefore this is disclosed as a contingent liability.

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 liability 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 issues and two significant appeals – the first arising from an Employment Tribunal claim by foster carers against LBB (and two other London boroughs) likely to proceed to the Court of Appeal due to significant issues of wider public interest; the second a judicial review challenge of a decision to change adult education service delivery also in the Court of Appeal. The timeline for final resolution is not known for all cases nor the potential outcome, therefore a contingent liability 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 is not known for all cases nor the potential outcome, therefore a contingent liability has been made for payment of legal

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

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 2025/26 there is one contingent asset to be disclosed:

1) 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 time the properties will revert to the Council after the repayment of outstanding debt. Due to the long term nature of this arrangement, it is not possible to accurately predict the financial position at its conclusion as the extent and nature of that stock will be determined by the JV in running its business and paying off its debts.

## Notes to the Core Financial Statements

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### *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 2025/26 was approved by Full Council in February 2025 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 credit worthiness service provided by Mitsubishi Financial Group. 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 (£217.4m) 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 2026 that this was likely to materialise.

No breaches of the Council's counterparty criteria occurred during 2025/26 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

Bromley has defined a debt default as any money owed to the council such as, but not limited to, Council Tax, business rates, or housing rent, that is deemed definitively uncollectable or irrecoverable after all reasonable collection and legal enforcement actions have been exhausted.

Uncollectable amounts, including bad debts, should not be written off except with the approval of the Director of Finance, whether exercised personally or properly delegated by them to a member of their staff for this purpose. Further guidance in this area is given in Income Collection, section 12 and Write off procedures, section 24 of the Council's Financial Procedures.

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

Debtors held at Amortised Cost (excluding Council Tax and Business Rates)	Lifetime Expected Credit Loss - Simplified Approach	
	2024/25 £000	2025/26 £000
Opening Balance as at 1st April	23,067	24,923
Amounts Written Off	2,774	5,634
Changes in Models / Risk Parameters	(918)	(4,973)
<b>Balance as at 31st March</b>	<b>24,923</b>	<b>25,584</b>

For the purposes of presentation, debtors impairments have been grouped by portfolio and is presented below.

	As at 31st March 2025 £000	As at 31st March 2026 £000
Adult Care & Health	(5,811)	(5,721)
Children's Education & Families	(928)	(1,196)
Environment & Community Services	(2,541)	(2,991)
Resources, Commissioning and Contracts Management	(2,617)	(1,762)
Renewal, Recreation and Housing	(14,264)	(12,106)
General Bad Debt Provision	(1,807)	(1,807)
	<b>(27,968)</b>	<b>(25,584)</b>
Council Tax	(22,213)	(18,058)
Business Rates	(926)	(681)
<b>Total Debtors Impairment</b>	<b>(51,107)</b>	<b>(44,323)</b>

## Notes to the Core Financial Statements

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

#### **Credit Risk Exposure**

A summary of the credit risk ratings (Fitch) of the Council's investments as at 31/03/26 are shown below. At the time that the investments were agreed they were in line with the credit ratings in the Treasury Management Strategy

	<b>Credit Risk Rating</b>	<b>Gross Carrying Amount £000</b>
Investments Measured at Amortised Cost	AAA	34,594
	A+	15,577
	A-	10,459
	N/A	118,303
		<b>178,933</b>
Investments Measured at Fair Value through Profit or Loss	N/A	<b>38,421</b>
<b>Total Investments</b>		<b>217,354</b>

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.

	<b>As at 31st March 2025 £000</b>	<b>As at 31st March 2026 £000</b>
Less than three months	10,799	13,622
Three to six months	1,913	2,257
Six months to one year	3,702	4,016
More than one year	11,325	12,212
	<b>27,739</b>	<b>32,107</b>

## Notes to the Core Financial Statements

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### 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:

<b>Principal Sum Invested as at 31st March 2025 £000</b>		<b>Principal Sum Invested as at 31st March 2026 £000</b>
128,100	Less than one year	164,500
11,288	Between one and two years	11,288
87,638	More than two years	37,891
<b>227,026</b>		<b>213,678</b>

#### *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.

## Notes to the Core Financial Statements

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### 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 2025/26 were fixed interest investments with banks, building societies, local authorities or housing associations. In addition to fixed interest deposits, the Council also has investment with a Property Fund (£40m). These were placed after consultation with Mitsubishi UFJ Financial Group Corporate Markets 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.

The £38m investments in pooled fund is all classified at fair value through profit or loss, meaning that all movements in price will impact on gains and losses recognised in the surplus or deficit on the provision of services. A general shift of 5% in the general price of this investment (positive or negative) would thus have resulted in a £1.9m gain or loss being recognised in the surplus or deficit on the provision of services for 2026/27.

##### 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).

## Notes to the Core Financial Statements

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### 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	2024/25 £000	2025-26 £000
<b>Income</b>			
Amounts receivable from Council Tax payers	(1)	273,367	289,988
Income collectable from Business Rate payers	(2)	84,763	90,612
Income Collectable from Business Rate Supplement	(3)	2,078	2,082
		<u>360,208</u>	<u>382,682</u>
<b>Expenditure</b>			
Precepts / Demands			
- London Borough of Bromley		200,016	213,396
- Greater London Authority		63,780	67,422
Business Rates	(2)		
- Payments to National Pool			
- Payment to Central Government (DLUHC)		29,948	30,002
- Payment to Greater London Authority (GLA)		33,577	33,639
- Payment to London Borough of Bromley		27,225	27,275
- Transitional Reliefs		(284)	(320)
- Transitional Relief payment to Central Government		284	320
- Cost of Collection		313	319
Business Rate Supplement	(3)		
- Contribution to GLA		2,073	2,076
- Cost of Collection/Administrative Costs		6	6
Bad and Doubtful Debts / Appeals			
- Write offs		743	956
- Provision for Appeals		(6,451)	(6,269)
- Increase / (decrease) in bad debt provision		2,741	(5,515)
		<u>353,971</u>	<u>363,307</u>
<b>Surplus for the Year</b>		<u>(6,237)</u>	<u>(19,375)</u>
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		5,900	4,500
- Greater London Authority		763	1,286
		<u>6,663</u>	<u>5,786</u>
<b>Net Movement on Fund Balance</b>		<u>426</u>	<u>(13,589)</u>
		<b>£000</b>	<b>£000</b>
<b>Fund Balance</b>			
Balance at 1st April		(1,105)	(679)
Net movement for year		(6,237)	(19,375)
Distribution of Prior Year Surplus		6,663	5,786
Balance at 31st March - Deficit / (Surplus)		<u>(679)</u>	<u>(14,268)</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:*

	<b>Surplus as at 31st March 2025 £000</b>	<b>Distribution of Surplus in 2024-25 £000</b>	<b>Surplus for 2025-26 £000</b>	<b>Surplus as at 31st March 2026 £000</b>
London Borough of Bromley	(4,881)	4,500	(10,433)	(10,814)
Greater London Authority	809	1,286	(3,296)	(1,201)
	<u>(4,072)</u>	<u>5,786</u>	<u>(13,729)</u>	<u>(12,015)</u>

The balance of the surplus held at 31st March 2025 will be distributed in 2026/27 and the 2026/27 surplus will be distributed in 2027/28.

### *Business Rates Balance split into its attributable parts:*

	<b>Deficit as at 31st March 2024 £000</b>	<b>Distribution of estimated Surplus in 2024/25 £000</b>	<b>Deficit for 2025/26 £000</b>	<b>Surplus as at 31st March 2025 £000</b>
London Borough of Bromley	1,018	1,734	41	(675)
Greater London Authority	1,255	2,140	51	(834)
Central Government	1,120	1,908	44	(744)
	<u>3,393</u>	<u>5,782</u>	<u>136</u>	<u>(2,253)</u>

The surplus held at 31st March 2025 of £136k will be distributed in 2026/27 and 2027/28.

<b>Council Tax and Business Rates Net Deficit / (Surplus)</b>	<u><u>(14,268)</u></u>
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## 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 2026*

	<b>Fund 1</b>	<b>Fund 2</b>	<b>TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1st April 2025	( 281)	( 723)	( 1,004)
Movement in year on ex LRB functions:			
Income (note 1)	( 2)	( 580)	( 582)
Interest earnings on Fund balance (note 2)	( 12)	( 45)	( 57)
Contribution to Fund (note 3)			
Expenditure	5	41	47
Distribution (note 1)			
Balance as at 31st March 2026	<u>( 289)</u>	<u>( 1,306)</u>	<u>( 1,596)</u>

### *Balance Sheet as at 31st March 2026*

<b>2025</b>		<b>2026</b>
<b>£000</b>		<b>£000</b>
37	<i>Assets</i>	
<u>37</u>	Debtors	
967	Cash	1,740
<u>1,004</u>		<u>1,740</u>
	<i>Liabilities</i>	
281	Fund 1	289
723	Fund 2	1307
-	Creditors	145
<u>1004</u>		<u>1,740</u>

### *Notes to accounts*

#### 1) *Income & Distribution*

During 25/26 expenditure was £47k due to legal costs & support services cost  
Similar to 24/25, 25/26 income will be withheld to recoup balances

#### 2) *Interest*

Interest for 2025/26 has been added to Fund 1 and Fund 2  
This has been calculated at £57k

#### \*\* *Fund 1*

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

#### *Fund 2*

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

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

## PENSION FUND

### PENSION FUND ACCOUNT

2024/25		Note	2025/26	
£000	£000		£000	£000
<b>Dealings with members and employers</b>				
<b>Contributions and similar payments</b>				
10,447		5	10,878	
30,218		5	31,937	
6,049			10,943	
	46,714			53,758
<b>Benefits</b>				
(37,321)		6	(38,895)	
(5,790)		6	(6,147)	
(593)		6	(566)	
	(43,704)			(45,608)
<b>Payments to and on account of leavers</b>				
(41)			(156)	
(5,792)			(9,177)	
	(5,833)			(9,333)
	(2,823)			(1,183)
	(8,902)	7		(9,100)
	(11,725)			(10,283)
<b>Returns on investments</b>				
49,711		9	54,536	
7,653		10	98,689	
	57,364			153,225
	45,639			142,942
	1,443,066			1,488,705
	<b>1,488,705</b>			<b>1,631,647</b>

## PENSION FUND

### NET ASSETS STATEMENT

31st March 2025			31st March 2026	
£000	£000		£000	£000
		<b>Long term investments</b>		
	150	Shares in London Collective Investment Vehicle (CIV)	10	220
		<b>Investment assets</b>	<b>10</b>	
	393,637	<b>Equities</b>		457,174
		<b>Pooled funds</b>	<b>10</b>	
206,337		Fixed income	204,358	
419,791		Global equities	461,986	
239,467		Multi-asset income	254,171	
	865,595			920,515
		<b>Other investments</b>	<b>10</b>	
202,077		Pooled property investments	199,807	
	202,077			199,807
12,883		Cash deposits held by investment managers	14,692	
3,630		Money market funds	16,330	
8,647		Investment income due	9,621	
	25,160			40,643
	1,486,469	Total investment assets		1,618,139
	1,486,619	<b>Total net investments</b>	<b>10</b>	1,618,359
	882	Long-term debtors	14	885
		<b>Current assets</b>	<b>13</b>	
4,823		Cash balances	10,238	
2,596		Debtors	3,307	
	7,419			13,545
		<b>Current liabilities</b>		
	(6,212)	Creditors	13	(1,140)
	1,488,707	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>1,631,648</b>

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 2025/26 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 2026 and 2025.

	2026	2025
Number of employers	174	169
<b>Number of employees in scheme</b>		
London Borough of Bromley	2,038	2,057
Other employers	4,913	4,793
	<u>6,951</u>	<u>6,850</u>
<b>Number of pensioners</b>		
London Borough of Bromley	4,670	4,638
Other employers	1,892	1,732
	<u>6,562</u>	<u>6,370</u>
<b>Deferred pensioners</b>		
London Borough of Bromley	3,390	3,421
Other employers	3,616	3,273
	<u>7,006</u>	<u>6,694</u>
<b>Total number of members in pension scheme</b>	<u><b>20,519</b></u>	<u><b>19,914</b></u>

# PENSION FUND

## Notes to the Accounts

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### 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 2025/26, 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 2025/26, total employer rates ranged from 14.2% to 30.9% 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 2025/26 financial year and its position as at 31st March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, 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 115% funded at the 31 March 2022 valuation and funding had improved to 151% funded at the 31 March 2025 valuation.

# PENSION FUND

## Notes to the Accounts

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### 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 £41.3million at the Balance Sheet date, equivalent to 2.5% of the Fund Assets. In addition, the Fund held £1.4 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

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### 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 IFRS13 (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.

#### (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 26 and relevant actuarial standards.

# PENSION FUND

## Notes to the Accounts

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### 3 *Summary of Significant Accounting Policies (continued)*

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 are 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 2026.

##### **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 26. 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.

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 2025 figures, the figure includes the estimated impact of the McCloud judgement.

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## 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)*

Pooled property investments are valued by investment managers on a fair value basis each year using PRAG guidance. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

#### 5 *Contributions receivable*

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Employer Contributions		
L.B. Bromley - normal	11,109	12,441
Scheduled bodies - Foundation Schools	194	206
	<u>11,303</u>	<u>12,647</u>
Other		
Scheduled bodies - normal - academies	16,265	16,628
- normal - colleges	1,195	1,429
Admitted bodies - normal	977	1,234
- deficit funding	478	
	<u>30,218</u>	<u>31,938</u>
Member Contributions		
L.B. Bromley	4,545	4,828
Scheduled bodies - Foundation Schools	72	79
	<u>4,617</u>	<u>4,907</u>
Other		
Scheduled bodies - academies	4,837	4,866
- colleges	622	732
Admitted bodies	371	373
	<u>10,447</u>	<u>10,878</u>

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

#### 6 *Benefits Payable*

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Pensions		
L. B. Bromley	31,350	32,672
Scheduled bodies	3,732	3,890
Admitted bodies	2,239	2,334
	<u>37,321</u>	<u>38,896</u>
Lump Sum Benefits - retirement		
L. B. Bromley	4,805	3,678
Scheduled bodies	785	1,982
Admitted bodies	200	485
	<u>5,790</u>	<u>6,145</u>
Lump Sum Benefits - death		
L. B. Bromley	265	43
Scheduled bodies	315	460
Admitted bodies	12	62
	<u>592</u>	<u>565</u>

## PENSION FUND

Notes to the Accounts

### 7 Management Expenses

	2024/25	2025/26
	£000	£000
Administrative costs	862	1,180
London CIV implementation & service chg	98	98
External audit costs	136	147
Investment management expenses	7,322	7,116
Oversight and governance costs	484	558
	8,902	9,099

### 8 Investment Management Expenses

	2024/25	2025/26
	£000	£000
Management fees	7,068	6,741
Custody fees	103	144
Transaction costs	151	231
	7,322	7,116

### 9 Investment Income

	2024/25	2025/26
	£000	£000
Income from equities	12,808	10,979
Pooled property investments	9,192	14,536
Pooled investments	25,839	28,950
Interest on cash deposits	1,872	73
	49,711	54,538

### 10 Investments

The managers as at 31st March 2026 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 £220k 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 2025 and 2026 was divided between the Fund managers as follows:

	31st March 2025		31st March 2026	
	£000	%	£000	%
LCIV - Pooled global equities	419,791	28.44%	461,986	29.04%
Fidelity - fixed income	206,337	13.98%	204,358	12.84%
- multi-asset income	119,998	8.13%	124,541	7.83%
- pooled property	164,656	11.15%	154,993	9.74%
- USD liquidity fund	3,630	0.25%	1,258	0.08%
MFS - global equities	403,755	27.35%	469,304	29.49%
MS Northaven - US property	37,421	2.54%	44,814	2.82%
Schroders - multi-asset income	120,359	8.15%	129,630	8.15%
London CIV	150	0.01%	220	0.01%
	1,476,095	100.00%	1,591,104	100.00%

## 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:

	<b>31st March 2025</b>	<b>31st March 2026</b>
	£000	£000
Multi-Asset Income Fund (2)	240,356	254,171
Global Equities Funds (1)	419,791	461,986
Property Funds (2)	202,077	199,807
Sterling Bond Funds (1)	206,337	204,358
	<u>1,068,561</u>	<u>1,120,322</u>

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

	<b>Value at 31st March 2025</b>	<b>Purchases</b>	<b>Sales</b>	<b>Change in value</b>	<b>Value at 31st March 2026</b>
	£000	£000	£000	£000	£000
Equities	393,637	124,034	(114,422)	53,925	457,174
Pooled investments	865,595	102,435	(99,944)	52,429	920,515
Pooled property investments	202,077	11,526	(6,315)	(7,482)	199,807
	<u>1,461,309</u>	<u>237,995</u>	<u>(220,681)</u>	<u>98,873</u>	<u>1,577,496</u>
Money market funds	3,630			(191)	16,330
Cash deposits	12,883			5	14,692
Investment income due	8,647				9,621
<b>Net investment assets</b>	<u><b>1,486,469</b></u>			<u><b>98,687</b></u>	<u><b>1,618,139</b></u>

	<b>Value at 31st March 2024</b>	<b>Purchases</b>	<b>Sales</b>	<b>Change in value</b>	<b>Value at 31st March 2025</b>
	£000	£000	£000	£000	£000
Equities	402,364	86,582	(105,662)	10,353	393,637
Pooled investments	885,882	65,470	(65,470)	(20,287)	865,595
Pooled property investments	85,568	106,929	(7,951)	17,531	202,077
	<u>1,373,814</u>	<u>258,981</u>	<u>(179,083)</u>	<u>7,597</u>	<u>1,461,309</u>
Money market funds	29,623			138	3,630
Cash deposits	9,360			(82)	12,883
Investment income due	6,605				8,647
<b>Net investment assets</b>	<u><b>1,419,402</b></u>			<u><b>7,653</b></u>	<u><b>1,486,469</b></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 £231k (£151k in 2024/25). 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 2025		31st March 2026	
	£000	% of total	£000	% of total
Fidelity				
- Institutional Aggregate Bond Fund	206,337	13.86	204,358	12.52
- Diversified Income Fund	119,998	8.06	124,541	7.63
- UK Real Estate Fund	164,656	11.06	154,993	9.50
LCIV BG - Global Equities Fund	419,791	28.20	461,986	28.31
Schroders - Global Multi Asset Income	119,470	8.03	129,630	7.94

### 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 2026			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Equities	457,174			457,174
Pooled investments	461,986	458,529		920,515
Pooled property investments			199,807	199,807
Cash deposits held by managers	14,692			14,692
London CIV			220	220
Money market funds	16,330			16,330
Investment income due	9,621			9,621
	<b>959,803</b>	<b>458,529</b>	<b>200,027</b>	<b>1,618,359</b>
<b>Total</b>	<b>959,803</b>	<b>458,529</b>	<b>200,027</b>	<b>1,618,359</b>

## PENSION FUND

Notes to the Accounts

### 11 Fair Value Hierarchy (continued)

There were no transfers between levels during 2025/26

	As at 31st March 2025			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Equities	393,637			393,637
Pooled investments	419,791	445,804		865,595
Pooled property investments			202,077	202,077
Cash deposits held by managers	12,883			12,883
London CIV			150	150
Money market funds	3,630			3,630
Investment income due	8,647			8,647
	<b>838,588</b>	<b>445,804</b>	<b>202,227</b>	<b>1,486,619</b>
<b>Total</b>	<b>838,588</b>	<b>445,804</b>	<b>202,227</b>	<b>1,486,619</b>

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
<b>Level 1</b>			
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)

<b>Level 2</b>			
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
<b>Level 3</b>			
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"> <li>•Existing lease terms</li> <li>•Nature of tenancies</li> <li>•Covenant strength</li> <li>•Vacancy levels</li> <li>•Estimated rental growth</li> <li>•Discount rate</li> </ul>	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"> <li>•EBITDA multiple</li> <li>•Revenue multiple</li> <li>•Discount for lack of marketability</li> <li>•Control premium</li> </ul>	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 2026, potential market movements (%), value on increase and decrease respectively.

## PENSION FUND

Notes to the Accounts

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### 11b Fair Value Hierarchy (continued)

	<b>Unquoted and private equity £'000</b>	<b>Property £'000</b>	<b>Total £'000</b>
Value as at 31 March 2025	150	202,077	202,227
Purchases	70	11,526	11,596
Sales		(6,315)	(6,315)
Unrealised gains and losses *		(7,482)	(7,482)
<b>Value as at 31 March 2026</b>	<b>220</b>	<b>199,807</b>	<b>200,027</b>

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

	<b>Unquoted and private equity £'000</b>	<b>Property £'000</b>	<b>Total £'000</b>
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 *		17,531	17,531
<b>Value as at 31 March 2025</b>	<b>150</b>	<b>202,077</b>	<b>202,227</b>

## PENSION FUND

Notes to the Accounts

### 12 Classification of Financial Instruments

2024/25			2025/26		
<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
<b>Financial Assets</b>					
865,595			920,515		
393,637			457,174		
202,077			199,807		
12,883			14,692		
8,647			9,621		
	150			220	
8,453			26,568		
	2,596			3,307	
	882			885	
<b>1,491,292</b>	<b>3,628</b>		<b>1,628,377</b>	<b>4,412</b>	
<b>Financial Liabilities</b>					
		(6,212)			(1,140)
		<b>(6,212)</b>			<b>(1,140)</b>
<b>1,491,292</b>	<b>3,628</b>	<b>(6,212)</b>	<b>1,628,377</b>	<b>4,412</b>	<b>(1,140)</b>
<b>Net Financial Assets</b>					

### 13 Current assets and liabilities

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

	2024/25	2025/26
	£000	£000
<u>Short term debtors</u>		
Contributions due from employers and employees	2,084	1,533
VAT debtor	139	164
Other	373	1,610
	<u>2,596</u>	<u>3,307</u>
Cash balances	4,823	10,238
<b>Total current assets</b>	<b>7,419</b>	<b>13,545</b>
<u>Current liabilities</u>		
Fund management fees	412	546
Other	5,800	594
	<u>6,212</u>	<u>1,140</u>

### 14 Long term debtors

	2024/25	2025/26
	£000	£000
<u>Long term debtors</u>		
Reimbursement of lifetime/annual tax allowances	882	885
	<u>882</u>	<u>885</u>

# 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 2022) calculated a solvency funding level of 115% and set a common employer contribution rate (including allowance for McCloud) of 19.0%. Secondary rate contributions were an offset of 0.04% of pay per annum (totalling approximately £0.05m per annum on average across all employers). Secondary rate contributions included contributions towards the potential impact of the McCloud judgment as agreed with employers. These contribution rates were payable from 1st April 2023 to 31st March 2026.

The most recent full valuation of the Fund (as at 31st March 2025) was carried out by the actuary during 2025/26. This calculated a new solvency funding level of 151%. For those employers where a shortfall exists, additional contributions will be required to correct this shortfall over an average recovery period of 9 years. For those employers where a surplus exists, secondary contributions may be payable as an offset (depending on the level of surplus in excess of the relevant surplus reserve) spread over a recovery period of 25 years.

From 1st April 2026 until March 2029 the actuary has certified a Primary Contribution rate (i.e. the average contribution towards future service benefits across all employers) of 18.2% of pay. Secondary rate contributions is an average offset of 7.4% (equivalent to approximately £12.7m per annum) across all employers.

Following implementation of the McCloud remedy, the impact was reflected in the valuation outcomes where appropriate based on the data provided to the actuary.

For any schools adopting academy status from 1 April 2026, a contribution rate calculation will be carried out individually by the actuary based on the approach set out in the Fund's Funding Strategy Statement.

The following assumptions were employed in the 2022 and 2025 valuations.

	2022	2025
	% p.a.	% p.a.
<u>Economic assumptions</u>		
Increases in earnings (long term)	4.6	4.1
General Inflation	3.1	2.6
Increases in pensions	3.1	2.6
Investment return - Overall discount rate	4.1	5.35
<u>Mortality assumptions</u>	<u>Years</u>	<u>Years</u>
Life expectancy - male aged 65 now	22.3	21.8
- at 65 for male aged 45 now	23.7	22.8
- female aged 65 now	24.4	24.2
- at 65 for female aged 45 now	26.5	25.7

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 the same as the assumption at the 2022 actuarial valuation.

### 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 £977m as at 31st March 2026 (£953m as at 31st March 2025).

	31 March	31 March
	2025	2026
	£000	£000
Present value of promised retirement benefits	(953,000)	(977,000)
Fair value of scheme assets (bid value)	1,488,707	1,631,648
<b>Net liability</b>	<b>535,707</b>	<b>654,648</b>

## PENSION FUND

Notes to the Accounts

### 16 Actuarial Present Value of Promised Retirement Benefits (continued)

The present value of benefit figures are based on an approximate roll-forward of the 2025 actuarial valuation outcomes referred to in Note 15 above. The figures therefore reflect the implementation of the McCloud remedy based on the data provided to the actuary for the valuation.

The demographic assumptions used in preparing the IAS 26 figures as at 31st March 2026 are the same as those used for the 2025 actuarial valuation, with the prior year figures reflecting the 2022 valuation (see Note 15).

	2025	2026
	% p.a.	% p.a.
Increases in earnings	4.1	4.4
Increases in pensions	2.7	3
Inflation	2.6	2.9
Investment return - Overall discount rate	5.8	6.2

### 17 Additional Voluntary Contributions

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGP 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 2024/25 and 2025/26 and the total value of AVC Funds as at 31st March 2025 and 2026 is shown below.

	2024/25	2025/26
	£000	£000
AVC contributions		
- to Aviva	48	48
<b>Total contributions</b>	<b>48</b>	<b>48</b>

	2024/25	2025/26
	£000	£000
Market Value		
- Aviva	599	599
- Utmost Life & Pensions	62	55
<b>Total Market Value</b>	<b>661</b>	<b>654</b>

### 18 Related Parties

A special responsibility allowance of £8,668 was paid to the Chairman of the Committee in 2025/26 (£8,498 in 2024/25). No other payments were made for meeting attendance.

The Council incurred costs of £1.265m (£0.830m 2024/25) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

Included within the debtors balance in the net asset statement is a balance of £1,184k that is due to the Fund from the Council.

Two key management personnel of the Fund (the Director of Corporate Services and the Director of Finance) are active members of the Fund.

# PENSION FUND

## Notes to the Accounts

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

The Code of Practice on Local Authority Accounting in the United Kingdom 25/26 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 2025/26, 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 31.03.2026 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
UK bonds	205,327	0.37%	206,084	204,571
Overseas bonds	(969)	0.34%	(972)	(966)
UK quoted equities	58,266	1.75%	59,284	57,248
UK unquoted equities	220	0.00%	220	220
Overseas quoted equities	398,908	1.75%	405,877	391,939
UK Pooled investments	666,201	1.38%	675,403	656,999
Overseas pooled investments	49,956	0.50%	50,206	49,706
UK Pooled property investments	154,993	4.29%	161,642	148,344
Overseas property investments	44,814	4.29%	46,736	42,891
<b>Total</b>	<b>1,577,715</b>		<b>1,604,480</b>	<b>1,550,952</b>

Asset type	Value as at 31.03.2025 £000	Potential market	Value on increase £000	Value on decrease £000
UK bonds	206,756	1.75%	210,377	203,135
Overseas bonds	(419)	0.25%	(420)	(418)
UK quoted equities	40,657	4.87%	42,637	38,677
UK unquoted equities	150	0.00%	150	150
Overseas equities	352,980	4.87%	370,171	335,789
UK Pooled investments	633,947	5.03%	665,834	602,061
Pooled investments	25,311	3.91%	26,300	24,322
Pooled property investments	164,656	6.43%	175,243	154,068
Overseas property investments	37,421	6.43%	39,827	35,015
<b>Total</b>	<b>1,461,459</b>		<b>1,530,119</b>	<b>1,392,799</b>

### 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 31.03.2026 £000	Potential market movement	Value on increase £000	Value on decrease £000
Overseas bonds	(969)	(97)	(1,066)	(872)
Overseas equities	398,908	39,891	438,799	359,017
Overseas pooled investments	49,956	4,996	54,952	44,960
Overseas pooled property	44,814	4,481	49,295	40,333
Cash and cash equivalents	14,692	1,469	16,161	13,223
<b>Total change in assets available to pay benefits</b>	<b>507,401</b>	<b>50,740</b>	<b>558,141</b>	<b>456,661</b>

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	25,311	2,531	27,842	22,780
Overseas pooled property	37,421	3,742	41,163	33,679
Cash and cash equivalents	12,883	1,288	14,171	11,595
<b>Total change in assets available to pay benefits</b>	<b>428,176</b>	<b>42,817</b>	<b>470,993</b>	<b>385,359</b>

#### Credit Risk

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

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

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 90% of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

# London Borough of Bromley

## Annual Governance Statement 2025/26

### 1. Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also has a duty to ensure continuous improvement in the way in which its functions are exercised. In discharging these responsibilities, the Council has established a framework of governance arrangements, including systems of internal control and risk management.

### 2. The governance framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It enables the Council to achieve its strategic objectives and ensures accountability.

The Council's governance framework is set out in its Code of Corporate Governance [\[LINK\]](#). This Code has been updated in December 2025 and includes the Constitution, decision-making arrangements, scrutiny, standards framework, risk management, financial controls, performance management and audit arrangements.

### 3. Review of effectiveness

The Council has undertaken a comprehensive review of the effectiveness of its governance arrangements, drawing on a range of assurance sources. These include Internal Audit, the work of the Audit and Risk Management Committee, corporate risk and performance monitoring, external assurance from External Audit, Care Quality Commission and a Corporate Peer Challenge by the LGA. In addition, the Centre for Governance & Scrutiny (CfGS) was engaged to support the Council's assessment of its governance arrangements. Taken together, these reviews have provided assurance on the core arrangements set out in the Council's Code of Corporate Governance.

## **Internal Assurance**

**Internal Audit** has provided a 'reasonable assurance' opinion, indicating that the Council's governance, risk management and control arrangements are generally effective, albeit with some control weaknesses requiring improvement. The Internal Audit programme has identified a number of areas for improvement in control and governance, which are reflected in the significant governance issues set out below.

The Internal Audit service has undertaken a gap analysis against professional standards which concluded that the function is 'Generally Conformant' with *Global Internal Audit Standards in the UK Public Sector*.

The **Audit and Risk Management Committee** has provided ongoing oversight of governance arrangements during the year. Committee discussions have highlighted issues relating to finance capacity, audit readiness and the embedding of risk management.

## **External Assurance**

**External Audit** issued a disclaimed opinion for 2024/25 and identified a significant weakness in governance arrangements relating to finance capacity, the quality of financial reporting and the reliability of supporting audit evidence due to resource limitations.

However, the external auditor EY also confirmed that no significant weaknesses were identified in the Council's arrangements for financial sustainability and reported a significant improvement in its value for money assessment.

The Council has accepted these findings and actions are being progressed under the oversight of the Audit and Risk Management Committee. The disclaimed opinion reflects the impact of the national backlog in the publication and audit of local authority accounts rather than concerns regarding the Council's underlying financial position or sustainability. The Council has made progress in addressing historic delays, including publishing its accounts within the statutory timetable. A review of compliance with the *CIPFA Financial Management Code* has also been undertaken and confirmed the Council is compliant with the requirements of the Code, with a small number of improvements identified.

The Council was subject to a **Care Quality Commission (CQC)** assessment of its adult social care functions, published in January 2026. The assessment found that governance arrangements provided a clear framework of accountability, with

strong leadership, effective oversight and established performance and risk management processes, which supported assurance on the delivery of Care Act responsibilities. The CQC also recognised a positive organisational culture, strong partnership working and clear strategic direction, including ongoing transformation activity. Areas for further development were identified, including embedding transformation changes, strengthening consistency of practice and ensuring the impact of governance and performance arrangements deliver improved outcomes for residents.

The Council has had regard to the **Annual Review Letter** issued by the Local Government and Social Care Ombudsman in July 2025, which identified areas for improvement in complaint handling, particularly timeliness. The findings were reported to Members, including the General Purposes and Licensing Committee, and have informed an action plan. These matters do not materially affect the Council's overall governance opinion, and arrangements are in place to monitor delivery of the agreed actions, alongside continued full compliance with Ombudsman recommendations.

The **CfGS review** provided an independent assessment of the Council's governance arrangements in practice and found that the Council's governance arrangements are generally strong and effective. It identified a number of strengths, including strong Member leadership, clear strategic direction and well-established governance and assurance arrangements, while also highlighting areas where governance can be further strengthened

The Council also participated in a **Corporate Peer Challenge** (CPC) undertaken by the Local Government Association in March 2026. The CPC identified the Council as a well-performing authority with a strong track record of delivering good outcomes at comparatively low cost, supported by a positive organisational culture, effective leadership and well-established governance arrangements. The outcome of the review was positive, and the Council is considering the observations and areas for development as part of its ongoing commitment to continuous improvement.

### **Overall assessment**

Taking all sources of assurance together, the Council considers that governance arrangements were generally operating effectively during the year, with targeted improvements required in specific areas.

The Council is satisfied that its governance arrangements are appropriately aligned overall to support the delivery of its strategic priorities and planned outcomes, and to meet its responsibilities for value for money and best value. Based on the review undertaken, the Council considers that governance arrangements are in place and operating effectively across each of the CIPFA/SOLACE principles of good governance, with areas for further strengthening identified through review. This assessment is underpinned by the Council's Code of Corporate Governance, which sets out the core governance arrangements in place, and provides assurance that these are operating effectively, supported by a range of internal and external assurance sources. This is further reinforced by CPC findings that many services continue to perform strongly within comparatively low levels of spend, demonstrating the Council's established focus on value for money

#### **4. Governance principles in practice**

The Council's arrangements align with the CIPFA/SOLACE principles of good governance, as reflected in its Code of Corporate Governance. Strengths include established governance structures, financial management and Member oversight. Internal and external assurance, including the CfGS findings and CPC feedback, highlight areas where governance in practice can be further developed, including scrutiny arrangements, clarity of decision-making processes, and the extent to which organisational culture and behaviours are supported by formal assurance mechanisms, including recognition through the CPC of generally sound governance arrangements, effective member-officer relationships and a strong organisational culture that supports delivery.

#### **5. Significant governance issues**

These issues should be considered in the context of otherwise well-established governance arrangements and areas of recognised strength identified through the Council's assurance processes, including positive findings from the Corporate Peer Challenge in relation to organisational leadership, culture and service delivery. The CPC recognised Bromley's strong track record of financial management and value for money, including historically prudent decision-making and low levels of spend relative to outcomes.

### **Finance capacity and financial reporting (Statement of accounts)**

External Audit identified a significant weakness in governance arrangements relating to finance capacity and financial reporting, including reliance on a limited number of key individuals.

### **Quality of financial information and audit evidence**

Weaknesses were identified in the quality of working papers, including a high number of amendments and delays in the provision of audit evidence. Control weaknesses were identified, including reconciliation issues and limitations in segregation of duties.

### **Risk management**

Both the Audit & Risk Management Committee and the CfGS review identified that risk management is not yet fully embedded across services, with scope to improve consistency in the articulation and management of risks.

### **Scrutiny**

The CfGS review identified opportunities to further strengthen the effectiveness and consistency of scrutiny arrangements, including the extent to which scrutiny informs decision-making.

### **Governance of decision-making and transformation**

The CfGS review identified the Council's arrangements for decision making and transformation governance are generally robust with a decentralised approach supporting effective delivery and local accountability. However, as the scale and complexity of transformation actively increases, there is a need to ensure that the governance arrangements remain clear, consistent and sufficiently aligned at a corporate level. This includes continuing to strengthen the articulation of roles, responsibilities and decision pathways and ensuring that governance and oversight arrangements keep pace with the scale and complexity of transformation.

### **Organisational culture and assurance**

The CfGS review highlighted a reliance on informal assurance mechanisms in relation to organisational culture and behaviours. Whilst there is evidence of a strong ethical culture within the Council, there is scope to strengthen formal assurance through more structured monitoring and reporting.

## 6. Action Plan 2026/27

In line with CIPFA guidance, the action plan below sets out the key governance improvement themes at a high level, with detailed implementation, milestones and performance measures managed through corporate and service-level plans.

Issue	Action	Owner	Timescale
<b>Finance capacity</b>	Implement the outcomes of the finance function review, including strengthening resourcing, roles and workflow and supporting sustainable capacity within the finance service	Director of Finance	By end of Q2 2026/27
<b>Audit readiness and control environment</b>	Improve the quality, consistency and timeliness of working papers and audit evidence, and strengthen key financial controls and reconciliation processes, with improvements reflected in future audit cycles	Director of Finance	By end of Q1 2026/27
<b>Risk management</b>	Embed consistent risk management across all services, including clearer articulation of risks and more consistent application of risk management arrangements, supported by reporting through governance structures	Director of Finance	By end of 2026/27
<b>Scrutiny</b>	Further develop scrutiny effectiveness, including strengthening work programming and monitoring of	Lead Directors with support from Democratic Services	Ongoing throughout 2026/27 with periodic reporting

Issue	Action	Owner	Timescale
	recommendations and outcomes		
<b>Governance framework clarity</b>	Continue to improve visibility and understanding of the Council's governance framework, including clearer links between governance processes and outcomes supported by briefings and training	Democratic Services	Ongoing throughout 2026/27 with periodic reporting
<b>Transformation governance</b>	Continue to ensure governance arrangements for transformation activity retain appropriate oversight, risk management and alignment with corporate priorities, as transformation activity evolves	Chief Transformation Officer	Throughout 2026/27
<b>Organisational culture &amp; assurance</b>	Develop and implement formal mechanisms for monitoring and reporting on organisational culture, behaviours and ethical standards, strengthening corporate oversight and assurance.	Director of HR and Customer Services	By end of 2026/27

Progress against these actions will be monitored through the Council's established governance, including corporate and service plans, with regular oversight and monitoring to senior management and Members as appropriate.

## **7. Progress against previous year's issues**

The 2024/25 Annual Governance Statement identified five key areas for improvement: financial sustainability, financial reporting and audit readiness, the Dedicated Schools Grant deficit, housing and homelessness pressures, and the rising cost of residential care for looked after children. During the year, actions have been taken to address these areas, including delivery of the Council's transformation and savings programme, improvements to finance processes and capacity, implementation of the DSG recovery plan, a programme of measures to reduce demand and cost within temporary accommodation, and strengthened commissioning and oversight arrangements for children's residential placements. These actions have been progressed through a combination of corporate programmes, service-specific plans and member oversight arrangements, with key elements subject to monitoring through established governance structures.

## **8. Conclusion**

The Council is satisfied that its governance framework remains in place and is generally effective. Independent assurance has highlighted the overall robustness of the Council's corporate governance arrangements and good practice.

This assurance reflects that governance arrangements are appropriately aligned to support the delivery of the Council's priorities and planned outcomes, and that arrangements are in place and operating effectively in line with CIPFA/Solace principles of good governance.

The Council is committed to continuous improvement and will address the areas identified for further development through its established governance and management arrangements, including Member oversight where appropriate.

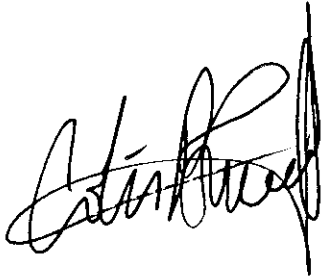
Looking ahead, the Council recognises that the scale of financial challenge, service demand and transformation will require governance arrangements to continue to evolve. Whilst the current framework provides a sound basis, the Council will continue to ensure it remains sufficiently resilient to respond to future challenges.

Particular focus will be given to maintaining robust financial management, embedding risk management across the organisation, and ensuring governance arrangements support effective decision-making and organisational oversight.

This includes continued development in relation to digital transformation, emerging technologies such as artificial intelligence and cyber security risks.


Overall, external assurance including the CPC highlights, that the Council has a strong foundation of effective governance, leadership and service delivery, which provides a sound basis for addressing the challenges ahead

The Council will continue to keep its governance framework under review to ensure it remains fit for purpose.



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Cllr Colin Smith, Leader



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Ade Adetosoye CBE, Chief Executive

**30 June 2026**

## 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 31<sup>st</sup> 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.