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DATE: 22 June 2010

To: Members of the
GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Tony Owen (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Nicholas Bennett J.P., John Canvin, Roger Charsley, Roxy Fawthrop,
John Getgood, Will Harmer, Ian F. Payne, Charles Rideout, Diane Smith,
Tim Stevens, Harry Stranger, Pauline Tunnicliffe and Michael Turner

A meeting of the General Purposes and Licensing Committee will be held at
Committee Room 1 - Bromley Civic Centre on **WEDNESDAY 30 JUNE 2010 AT 7.30
PM**

MARK BOWEN
Director of Legal, Democratic and
Customer Services.

*Copies of the documents referred to below can be obtained from
www.bromley.gov.uk/meetings*

A G E N D A

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF ALTERNATE MEMBERS**
- 2 **DECLARATIONS OF INTEREST**
- 3 **CONFIRMATION OF MINUTES OF THE MEETING HELD ON 27 MAY 2010** (Pages 5 - 10)
- 4 **MATTERS OUTSTANDING FROM PREVIOUS MEETINGS**

The following items are listed as outstanding from previous meetings:

Sex Entertainment Venues (Lap Dancing): New Licensing Provisions
This report has been deferred to a future meeting of the Committee.

Early Morning Alcohol Restriction Orders
This report has been deferred to a future meeting of the Committee.

**Appeals Sub-Committee - Minutes of the meetings held on 5th, 16th,
25th February and 14th June 2010 (Minute 133, 7 April 2010)**
*This report has been deferred to a future meeting of the Committee pending the
outcome of an Employment Tribunal.*

5 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

To hear questions received in writing by the Director of Legal, Democratic and Customer Services by 5pm on Thursday 24 June 2010 and to respond.

6 DRAFT STATUTORY ACCOUNTS 2009/10 (Pages 11 - 98)

7 RAVENSBOURNE COLLEGE PENSION ARRANGEMENTS (Pages 99 - 104)

8 THE LICENSING ACT 2003 (MANDATORY LICENSING CONDITIONS) ORDER 2010 (Pages 105 - 130)

9 LICENSING ACT 2003 - LATE OBJECTIONS (Pages 131 - 134)

10 DEMOCRATIC SERVICES - BENCHMARKING INFORMATION (Pages 135 - 144)

11 APPOINTMENTS TO OUTSIDE BODIES - CRYSTAL PALACE COMMUNITY DEVELOPMENT TRUST (Pages 145 - 148)

12 INVESTMENT SUB-COMMITTEE - CHANGE OF NAME (Pages 149 - 152)

13 APPEALS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 14 JUNE 2010, EXCLUDING EXEMPT INFORMATION (Pages 153 - 154)

14 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

The Chairman to move that the Press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

	<u>Items of Business</u>	<u>Schedule 12A Description</u>
15	PROPOSED ARRANGEMENTS FOR MOBILE PHONES (Pages 155 - 166)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
16	RAVENSBOURNE COLLEGE PENSION ARRANGEMENTS (Pages 167 - 172)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
17	APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 14 JUNE 2010 (Pages 173 - 178)	Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown

and employees of, or office holders
under the authority.



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Agenda Item 3

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held on 27 May 2010

Present:

Councillor Tony Owen (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Councillor Will Harmer, Councillor Ian F. Payne, Councillor Charles Rideout CVO, QPM, Councillor Diane Smith, Councillor Tim Stevens J.P., Councillor Pauline Tunncliffe and Councillor Michael Turner

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF ALTERNATE MEMBERS

Apologies were received from Councillor Roxy Fawthrop, Councillor Nicholas Bennett and Councillor Roger Charsley.

2 DECLARATIONS OF INTEREST

No declarations of interest were received.

3 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 7TH APRIL 2010

The Minutes of the Meeting held on 7 April 2010 were confirmed as a correct record.

RESOLVED that the Minutes of the Meeting held on 7 April 2010 be agreed.

4 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

The next meeting of the General Purposes and Licensing Committee be moved from 23 June 2010 to 30 June 2010.

The Committee noted that the item relating to Ravensbourne College Pension Arrangements will be submitted to the meeting on 30 June 2010.

RESOLVED that matters arising from previous meetings be noted.

5 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

6 DISCIPLINARY PROCESSES

The Assistant Chief Executive (Human Resources) introduced the report and advised the Committee that it had been brought at the request of Councillor Nicholas Bennett JP. Councillor Bennett had submitted a number of questions which were outlined at Appendix 2 of the report.

Councillor Bennett had also queried the need for the two-stage disciplinary appeal process. It was reported that Bromley was unique in its two-stage approach and Councillor Bennett had requested that the possibility of streamlining the process be considered.

In Councillor Bennett's view, the Member level appeal should be retained, the view of Chief Officers was that the officer stage be retained and the Unions had expressed the view that both stages should be retained.

The Assistant Chief Executive (Human Resources) highlighted to the Committee that in his five years at Bromley, Officers had never lost an appeal at Member stage and the Local Authority had never lost a case at Employment Tribunal.

The Assistant Chief Executive (Human Resources) highlighted that any decision would need to undergo extensive consultation.

Members considered the need to bring an independent perspective to the disciplinary process and suggested that a Chief Officer from a different Directorate from that of the employee hear the disciplinary case. The Assistant Chief Executive (Human Resources) responded that in some cases the Officer hearing a case needed a good knowledge of the employee's area of work, especially where a case concerned safeguarding issues. He did, however, stress that when there was a conflict of interest the Council routinely brought in officers from other departments.

Some Members also supported the Trade Unions' view of retaining both stages of the appeal. Members believed it was important to err on the side of caution and give employees the best possible chance to defend themselves.

Members also commented on the extensive HR support provided at disciplinary appeals. It was felt by some Members that Chief Officers should be able to present their cases without the need of an HR representative. In response to this, the Head of HR stressed that his staff did not attend all appeals but only those were deemed to be the most complex. In these cases, HR staff were able to give advice on the processes that had been followed and the support given to managers in the lead-up to the disciplinary case being brought. A Member also reported that he had had to call on HR support during an appeal hearing.

In referring to Appendix 1 of the report, the Chairman noted that in the year 2009/10, there had been a considerable increase in the number of disciplinary

cases. He was advised that the increase could be attributed to some multiple disciplinary cases that had arisen in two departments.

RESOLVED that the report be noted.

7 SUNBEDS (REGULATION) ACT 2010 - DELEGATION OF POWERS

The Head of Food Safety, Occupational Safety and Licensing introduced the report.

Members sought clarification on whether these regulations would increase the workload of the Department. In response, they were informed that the extra work created would be absorbed into the daily work of the Section.

RESOLVED that:-

- 1) **the Director of Environmental Services be authorised to:-**
 - a. **enforce the provisions of the Sunbeds (Regulation) Act 2010;**
 - b. **appoint 'Authorised Officers'.**
- 2) **the report be referred to Full Council for endorsement.**

8 LICENSING SERVICE: WORK PLAN FOR 2010/2011

The Head of Food Safety, Occupational Safety and Licensing introduced the report and notified the Committee that the Department was planning to undertake 50 unannounced visits to high risk venues and 200 planned visits to low risk premises and 25 visits to clubs. This had been arranged at the request of Councillor Julian Grainger.

Standard licensing conditions for animal welfare premises would also be reviewed and revised. These would be brought back to the Committee for approval later in the year. The Committee were also informed that recent changes in the law could potentially lead to an increased workload in respect of animal welfare and any changes in our responsibilities would be reported to Committee as necessary. .

The Chairman raised the issue of premises retaining their licences even when fees were left unpaid. It was suggested that the Department should make representations to the Department for Culture, Media and Sport and Members should make representations through political channels to ensure that when a licence holder failed to pay the annual fee then their licence would no longer be valid.

One Member questioned whether the intended extra visits would fall within the existing budget and officers confirmed this to be the case. Another Member queried whether the extra work could be met within existing staffing arrangements and this was also confirmed.

Members were invited to attend training courses that were available in respect of licensing. These provided a good introduction to the Licensing Act and the Licensing Hearing process. If any Members were interested, they could contact the Head of Food Safety, Occupational Safety and Licensing to register their interest.

RESOLVED that:-

- 1) **the report be noted; and**
- 2) **representations be made both through the Department for Culture, Media and Sport and political channels to ensure that when annual fees remain unpaid then licenses become invalid.**

**9 LICENSING SUB-COMMITTEE-SCHEDULE OF MEETINGS
(JUNE TO NOVEMBER 2010)**

The Chairman notified Members that there would be no hearing on 1 June 2010. He also asked Members to inform the Democratic Services Manager of any changes that were needed to the rota.

New Members were informed that meetings started at 10.00 am and 2.00 pm and Members sitting on Committees would be informed if hearings would not run into the afternoon session.

It was also suggested that due to recent changes in the make-up of the Council, that the Committee's previous decision regarding proportionality of the Licensing Sub-Committees be overturned.

RESOLVED that:-

- 1) **subject to any amendments, the Schedule of Meetings of the Licensing Sub-Committee for June-November 2010 be approved; and**
- 2) **the Committee's previous decision regarding proportionality of the Licensing Sub-Committee be revoked.**

**10 APPOINTMENT OF COUNCIL REPRESENTATIVES TO SERVE
ON OUTSIDE BODIES AND PARTNERSHIP BODIES**

The Democratic Services Manager reported that additional nominations had been received since publication of the agenda. These were:-

- 1) Green Belt Panel

Councillor David McBride nominated by the Liberal Democrat Group.

- 2) Crystal Palace Community Development Trust
Councillor Tom Papworth nominated by the Liberal Democrat Group.
- 3) Upper Norwood Association for Community Care
Councillor John Canvin nominated by the Liberal Democrat Group.
- 4) Bromley Victim Support
Councillor John Canvin nominated by the Liberal Democrat Group;
Councillor Peter Fookes nominated by the Labour Group.
- 5) Broomleigh Housing Association
Mr Martin Curry nominated by the Liberal Democrat Group.
- 6) William Moyser Charity
Miss Vera Harwood nominated by the Liberal Democrat Group.
- 7) The Local Strategic Partnership Executive
Councillors Stephen Carr; Graham Arthur; Ernest Noad; Peter Morgan;
Neil Reddin; Colin Smith and Julian Benington.
- 8) Bromley Arts Council
Councillor Tom Papworth nominated by the Liberal Democrat Group.

The Committee noted that sufficient nominations had already been received for Broomleigh Housing Association and the William Moyser Charity and it was therefore agreed that the additional nominations received for these would not be supported. The other nominations outlined above were supported.

RESOLVED that the Council representatives outlined in Appendix 1 of the report be agreed subject to the amendments and additions outlined above.

11 PETITION SCHEME

It was noted that as the report had been unavailable for this meeting, a report would be presented to the Executive and Resources PDS Committee on 9 June 2010 and would then be followed on to Executive on 16 June 2010 in order to be referred to Council on 28 June 2010. The Chairman also commented that there would be an opportunity for political groups to review the Petition Scheme in between the meeting of the Executive and full Council.

**12 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD
ON 23 MARCH 2010, EXCLUDING EXEMPT INFORMATION**

The Minutes of the Meeting held on 23 March 2010 were noted.

**13 INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING
HELD ON 4 MAY 2010, EXCLUDING EXEMPT INFORMATION**

The Minutes of the Meeting held on 4 May 2010 were noted.

**14 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE
LOCAL GOVERNMENT (ACCESS TO INFORMATION)
(VARIATION) ORDER 2006 AND THE FREEDOM OF
INFORMATION ACT 2000**

RESOLVED that the press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the press and public were present there would be disclosure to them of exempt information.

**15 AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 23 MARCH
2010**

The Exempt Minutes of the meeting held on 23 March 2010 were noted.

**16 INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES - 4 MAY
2010**

The Exempt Minutes of the meeting held on 4 May 2010 were noted.

The Meeting ended at 7.04 pm

Chairman

Agenda Item 6

Report No.
DR10061

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: **General Purposes & Licensing Committee**

Date: **30th June 2010**

Decision Type: Non-Urgent Non-Executive Key

Title: **DRAFT STATUTORY ACCOUNTS 2009/10**

Contact Officer: Tracey Pearson, Head of Co-ordination and Control (Finance)
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk

Chief Officer: Director of Resources

Ward: N/A

1. Reason for report

1.1 This report sets out the Council's 2009/10 draft statutory accounts for approval by Members in accordance with the requirements of the Accounts and Audit Regulations 2003.

2. RECOMMENDATION(S)

2.1 Members are asked to approve the Council's draft statutory accounts for 2009/10.

2.2 In accordance with the requirements of the Accounts and Audit Regulations 2003, following approval (2.1 above) the person presiding at this meeting shall sign and date the draft statutory statements on page 1 as a formal record of Members approval.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Council Wide
 4. Total current budget for this head: £130m (excluding GLA precept)
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): Total employees – full time equivalent posts – 7,094 (per 2009/10 Budget), which includes 4,444 for delegated budgets to schools.
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Statutory requirement. The Accounts and Audit Regulations 2003 require the accounts to be approved by a resolution of a Committee or full Council as soon as is reasonably practicable, and at least by 30th June 2010. The Statement of Accounts should be signed and dated by the Member presiding at the meeting at which approval is given.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2009/10 final accounts reflect the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Accounts and Audit Regulations require the Accounts to be approved by a resolution of a Committee or full Council. The statutory accounts must be approved by Members, signed and dated by the person presiding at the meeting at which that approval was given.
- 3.2 The Regulations also placed a requirement on local authorities to bring forward the latest date for completion and approval of their accounts from September to June over a three year period from 2004 - 2006. In approving the accounts at this meeting, Bromley will have met the earlier June deadline for the sixth year running.
- 3.3 The Council has very little discretion over the format of its Accounts, as they must be presented in the form laid down in the *Code of Practice on Local Authority Accounting in the United Kingdom 2009*. This is a Statement of Recommended Practice (SORP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and endorsed by the Accounting Standards Board.
- 3.4 Since the approval of the 2004/05 Accounts, in line with emerging best practice, the Director of Resources developed a summary version of the accounts which was published alongside the full statement. This shorter leaflet is designed to present the information in the accounts in a more user friendly, accessible manner in order to promote accountability. A similar document will be published in relation to the 2009/10 Accounts following audit. The Council must publish its audited 2009/10 Accounts by 30th September 2010.
- 3.5 The Council's Accounts and related records will be made available for public inspection. This is a requirement of the regulations and must take place prior to the completion of the audit. Arrangements are in hand for this inspection, which will take place between 9th August and 6th September 2010 and be publicised in the local press in accordance with the relevant legislation.
- 3.6 The Explanatory Foreword that introduces the Accounts provides a brief overview of the whole statement. It is also worth noting that there have been some further changes to the form of the accounts in line with the 2009 SORP. The changes have been made to bring local authority accounts more in line with the principles of *UK Generally Accepted Accounting Principles* (UK GAAP). These principles apply to most organisations required to produce a formal statement of accounts. The SORP allows authorities to produce accounts based on UK GAAP while at the same time recognising the particular position of local government where legislative requirements override accounting principles in some areas.
- 3.7 The main changes to the 2009/10 accounts compared with previous years relate to:
- Accounting for Council Tax to reflect the relationship between the London Borough of Bromley (the billing authority) and the Greater London Authority (GLA), being the major preceptor. The 2009 SORP contains detailed requirements for accounting for Council Tax which includes a requirement to reflect appropriate shares of Council Tax debtors and creditors in the billing authority's and major preceptor's balance sheets. This is a change to the existing practice of including all council tax debtors and creditors in the billing authority's balance sheet to reflect that the Authority acts as an agent on behalf of the GLA.
 - New accounting requirements for the treatment of National Non-Domestic Rates to reflect the role of billing authorities acting as agents on behalf of the Government in the collection of NNDR income. The change requires that authorities no longer recognise NNDR debtors and creditors on their balance sheets but instead recognise a creditor or debtor for the difference between the cash collected and payments made to the Government.

- The accounting requirements for Private Finance Initiative and similar contracts are no longer based on UK accounting standards but on International Financial Reporting Standards (IFRS). Following a detailed review of existing contracts, no change to current accounting practice has been identified arising from this change.
- Substantial changes to the disclosure requirements for Officers Remuneration to comply with amendments to the Accounts and Audit Regulations 2003. The amendments require the number of employees whose remuneration is above £50,000 to be disclosed in bandings of £5,000 (previously reported in bandings of £10,000). The amended regulations also introduce a new requirement to disclose individual remuneration details for senior employees. A senior employee is defined as an employee whose salary is more than £150,000 per year, or one whose salary is more than £50,000 per year and is the designated head of service, a chief officer or any person having responsibility for the management of the authority to the extent that they have the power to direct or control the major activities of the authority.
- Four disclosure notes have been removed concerning Section 137 expenditure, the Building Control Account, expenditure on Publicity and income under the Local Authorities Goods and Services Act as none of these disclosures are required by accounting standards or legislation.
- For the first time in 2009/10, in England, the responsible financial officer is required by regulation 10(2) of the Accounts and Audit Regulations to certify that the accounts present a true and fair view. This is a change from previous years where the accounts were certified to 'present fairly' the financial position of the Authority.

3.8 From 2010/11, local authority accounts will be prepared under a revised Code of Practice on Local Authority Accounting that will be based on International Financial Reporting Standards (IFRS). This is part of a wider public sector move to international standards. The Council will need to review accounting policies, change the format and content of the Statement of Accounts and include a number of additional disclosure notes. The IFRS transition date (the date at which figures first have to be prepared under IFRS) is 1st April 2009. This means that in the 2010/11 Statement of Accounts, authorities will be required to re-state the 2009/10 figures and prepare an IFRS compliant balance sheet, effectively re-stating the opening balance sheet at 1st April 2009.

The sections that follow provide a brief commentary on the main points to note in the Accounts

4 Income and Expenditure Account

- 4.1 The Income and Expenditure Account provides a summary of the resources generated and consumed by the Authority in providing services during the year. It is intended to show the annual activity of the Council in line with general accounting practice before allowing for the requirements of statute that certain costs should or should not fall on council tax - this account reveals a surplus for the year of £10.3m.
- 4.2 However, the surplus reflected on the Income and Expenditure Account for the year is offset by the movement shown in the Statement of Movement on the General Fund Balance, as detailed within note 21 of the accounts. These two statements should be considered together and the overall position is summarised on page 20 of the accounts. The result is an overall increase in balances of £10.3m, including reserves held by schools, with an increase to the Council's general fund balance of £5.0m.

- 4.3 The overall outturn position for 2009/10 was reported to the Executive on 16th June 2010, with more detailed information being reported to individual Portfolio Holders for their respective service areas. Some key cost variations, compared with the 2009/10 Budget, have been reflected in the 2010/11 Budget which was approved by the Executive in February 2010 and the 2010/11 Financial Monitoring report to Executive in July 2010 will include the impact of the 2009/10 final outturn.
- 4.4 The report to the Executive identified the overall variations in the revenue budget reflected in the 2009/10 final accounts which are summarised below:

	2009/10 Final Approved Budget	2009/10 Provisional Outturn	Variation	Variation Previously Reported
	£'000	£'000	£'000	£'000
Underlying service overspend for the year (excluding carry forward requests)	207,220	207,469	+249	+157
Unspent budget provision relating to carry forward requests (underspends)	-	-974	-974	0
Income from Interest on Balances (plus revisions for provision for potential loss of monies re. Heritable Bank)	-4,423	-4,931	-508	-750
Prior year adjustments (income from street services inspection)	-	-415	-415	-419
Other net variations	3,554	2,796	-758	-362
Sub total before VAT settlement	206,351	203,945	-2,406	-1,374
VAT settlement relating to claims from 1973	-	-3,196	-3,196	-
Net underspend	206,351	200,749	- 5,602	-1,374

- 4.5 Excluding carry forwards from 2008/09 there is an overall net improvement in balances of £5.6m which represents a variation of 2.7% compared with the final approved budget of £206.4 million. This consists of net underspends of £0.7m on services (including carry forwards), net additional interest earnings (income) on General Fund balances of £0.5m, a prior year adjustment relating to street services of £0.4m, recovery of VAT claims of £3.2m and other net variations of cr. £0.8m. The overall net improvement in balances of £5.6m is partly offset by a sum of £0.6m for carry forwards funded from unspent budget provision in 2008/09. Full details are provided in the report to the Executive.
- 4.6 Details of variations relating to the 2009/10 capital programme outturn were also reported to the Executive in June 2010 and there was no need to use General Fund balances to support the capital programme in 2009/10.

5. Statement of Total Recognised Gains and Losses (STRGL)

5.1 This statement brings together all the gains and losses of the Council with those relating to the Income and Expenditure Account to explain the net movement on the balance sheet. Overall net worth decreased by £75.6m in 2009/10, which was mainly due to the increased Pension Fund net liability of £99.4m which has a significant negative effect on the net worth of the Council as recorded in the balance sheet. This was partly offset by an increase in General Fund Balances of £10.3m (including school balances) and a net increase on the fixed asset Revaluation Reserve of £11.3m, which comprised upward revaluations totalling £16.2m, downward revaluations (impairments) of £2.6m and asset disposals of £2.3m.

6. Balance Sheet

6.1 The Balance Sheet provides a snapshot of the Council's financial position, its assets and liabilities, at 31st March 2010. Compared to the position in 2009, fixed assets increased by £11.9m as a result of net revaluations (£11.7m), additions (£12.3m), disposals (cr £2.6m) and depreciation (cr £9.5m). The council's assets are valued on different bases depending on the type of asset as described in accounting policy 12.

6.2 Capital expenditure of £42.5m was incurred in 2009/10 financed mainly by government grants and capital receipts without recourse to general reserves. The Council generated new capital receipts of £3.0m in 2009/10. The Usable Capital Receipts Reserve stood at £13.2m at 31st March 2010 and is available to support the Capital Programme in 2010/11 and in later years.

Other significant changes in the balance sheet include:

- an increase in debtors/payments in advance of £3.8m mainly relating to income due from HM Revenue and Customs of £3.2m relating to VAT claims for different periods between April 1973 and May 1996;
- an increase in creditors/receipts in advance of £9.1m mainly due to an increase in capital grants and contributions received but not used to finance expenditure in 2009/10 (£8.2m). This funding will be available to finance capital expenditure in 2010/11 and later years.
- a net increase in cash in hand of £4.0m mainly as a result of an increase in balances held by schools. Schools balances are consolidated into the Council's accounts and included within the General Fund Balance (page 20 of the accounts). The main reason for this increase relates to secondary schools' capital balances which have increased as a result of the approved secondary capital investment strategy where the agreed capital schemes are in progress. Schools have been allocated funding where a scheme specification is in place and planning permission gained. The main source of funding is the targeted 14-19 and SEN and disabilities grant. This grant, together with schools' devolved capital grant, was accelerated from the two year period 2009/10-2010/11 into 2009/10.

6.3 In relation to the Council's Pension Fund, proper accounting practice requires that the actuarially calculated fund deficit, in relation to Bromley's employees/pensioners, is disclosed on the face of the Council's Balance Sheet. The net liability of £240m represents the difference between the bid value of assets and the value of liabilities based on a valuation carried out by the Actuary in accordance with the requirements of Financial Reporting Standard 17: Retirement Benefits (FRS17).

6.4 This is different from the Actuary's triennial valuation that determines the contribution rate to the Pension Fund. Although the liability has a significant negative effect on the net worth of the authority, the contribution payments agreed as a result of the triennial valuation include arrangements to restore the funding level over the next 12 year period.

7. Cash Flow Statement

7.1 The cash flow statement summarises all the cash flows from the Council's activities, split between revenue and capital, and shows the financing of the net position.

8. Notes to the Main Statements

8.1 The notes to the Accounts are grouped together at the end of the main statements rather than following each statement individually. The following notes will be updated in light of further information prior to publication following audit. None of these changes will be material to the overall statement.

8.2 A **Related Party Transaction** is defined as a transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Related parties can include Members and officers and any such transactions must be disclosed where they are material and not already evident in the statutory accounts. The Code of Practice requires the separate disclosure of such transactions in the Accounts and details of the disclosures received so far are set out in note 10. Any further disclosures will be included in the final version of the Statement of Accounts.

8.3 In relation to **Officers Emoluments**, in previous years provisional information has been included in the draft statutory accounts for schools that had yet to submit a return with any required amendments being made prior to publication of the final version of the Statement of Accounts. For 2009/10, there are no outstanding returns to disclose.

9. Pension Fund Accounts

9.1 These are the accounts of the London Borough of Bromley Pension Fund that provides pension benefits for staff, excluding Teachers. The accounts relate to the whole fund including the assets and liabilities of the scheduled and admitted bodies. During 2009/10 the net assets of the Fund increased by £148.6m, mainly due to gains on asset values during the year. During 2009/10 contributions were in excess of benefits and other payments by £4.4m and the net gain on investments was £144.2m.

9.2 The Fund actuary values the fund every three years with the last valuation having being conducted, during 2007/08, on the position at 31st March 2007. The actuary found a solvency level of 81%, an increase of 15% compared to the position at 31st March 2004. The employer contribution rate was set at the level required to attain 100% solvency within 12 years. The next full valuation (as at 31st March 2010) will be carried out during 2010/11.

9.3 The accounts also include disclosures in relation to the Bromley part of the Fund and these explain the FRS 17 valuation basis used to prepare the Authority's accounts – this uses different assumptions from those used in the triennial valuation.

10. POLICY IMPLICATIONS

10.1 There are no direct policy implications arising from this report. The final revenue and capital outturn for 2009/10 were reported to the Executive on 16th June 2010. Members are referred to these reports for detailed information on variations from approved budgets. These reports also draw Members' attention to the major policy issues arising from last year's outturns.

11. FINANCIAL IMPLICATIONS

11.1 There are no financial implications arising directly from this report. The section below provides details of further information relating to the financial implications of the Council's 2009/10 outturn.

12. OTHER FINANCIAL MONITORING REPORTS TO MEMBERS

12.1 Members should note that, in addition to the statement of accounts, there have been more detailed reports relating to the 2009/10 outturn covering specific areas and examples include:

- (a) Capital Programme Outturn (Executive on 16th June 2010);
- (b) Treasury Management (Executive and Resources PDS on 14th July 2010);
- (c) Pension Fund (Investment Sub Committee on 4th May 2010);
- (d) Revenues Services, which includes income collection performance (Executive and Resources PDS on 9th June 2010);
- (e) Housing and Council Tax Benefit (Executive and Resources PDS on 9th June 2010);
- (f) Are We on Track (Executive on 16th June 2010);
- (g) Provisional Final Accounts 2009/10 (Executive on 16th June 2010);
- (h) Update on Financial Strategy 2010/11 to 2013/14 (Executive on 21st July 2010).

Non-Applicable Sections:	There are no direct Legal or Personnel Implications.
Background Documents: (Access via Contact Officer)	All final accounts supporting papers are held in the Accountancy Division Capital Programme Outturn 2009/10 Executive, June 2010 Provisional Final Accounts 2009/10, Executive, June 2010 2009/10 Council Tax Report, Executive February 2009 Capital Review 2009 and the Prudential Code, Executive February 2010

LONDON BOROUGH OF BROMLEY

2009/10

STATEMENT

OF

ACCOUNTS

Draft Accounts submitted to General Purposes and Licensing Committee on 30th June 2010 for formal approval.

Accounts are subject to Audit

APPROVAL OF THE STATEMENT OF ACCOUNTS

I hereby confirm that the Statement of Accounts for the year ending 31st March 2010, as signed by the Director of Resources on the 18th June 2010, has been approved by the General Purposes and Licensing Committee of the London Borough of Bromley at its meeting on 30th June 2010.

Councillor Tony Owen
Chairman of the General Purposes and Licensing Committee
30th June 2010

DIRECTOR OF RESOURCES' EXPLANATORY FOREWORD

Introduction

I am pleased to introduce the Council's Statement of Accounts for 2009/10. These statements summarise the financial performance of the Council during 2009/10 showing expenditure on all services during the year and the financial position at 31st March 2010.

Background

The Council's Accounts are prepared in accordance with Statute, the Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting, which is a Statement of Recommended Practice (SORP), produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and endorsed by the Accounting Standards Board.

This is a detailed and complex document, so to help your understanding the main statements are described below. These are grouped together in the pages that follow and then supported by a set of explanatory notes.

Financial Statements

The main statements in this document are:

Statement of Responsibilities for the Statement of Accounts – sets out the different responsibilities of the Council and the Director of Resources.

Statement of Accounting Policies - explains the basis on which the figures in the accounts have been prepared.

Income and Expenditure Account - summarises revenue expenditure and income on all services in line with UK GAAP (Generally Accepted Accounting Principles), showing whether the Authority has fully used up the resources generated in the year.

Statement of Movement on the General Fund Balance - is a reconciliation statement showing how the net balance at the end of the Income and Expenditure Account relates to the statutory requirements for raising council tax. The Income and Expenditure Account and the Statement of Movement on the General Fund Balance should be considered together.

Statement of Total Recognised Gains and Losses - shows how the change in the net worth of the Authority shown on the Balance Sheet has arisen from the Income and Expenditure Account and other unrealised gains and losses.

Balance Sheet - a position statement setting out the total assets and liabilities of the Authority at the year end, excluding the Pension, Trust and Former LRB Funds.

Cash Flow Statement - summarises the total movement on the Council's cash balances resulting from transactions with external organisations.

Collection Fund - shows the collection and use of monies from Council Tax and National Non Domestic Rates.

Trust Fund Accounts - shows the transactions and position of a number of small Funds held in trust by the Council, mainly small endowments for school prizes.

Former LRB Fund Accounts - summarises movement on the Fund during the year and the financial position at the year end. The Fund relates to property 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 income and expenditure of the pension fund in relation to current employees and pensioners, investment transactions and the position of the Fund at year end. To comply with Financial Reporting Standard 17 (FRS17): Retirement Benefits, the actuarially calculated Pension Fund deficit is disclosed on the face of the Council's balance sheet as a net liability and reserve.

DIRECTOR OF RESOURCES' EXPLANATORY FOREWORD

Annual Governance Statement - provides assurances on internal controls spanning the whole range of the Council's activities and encompassing policies, processes, tasks, behaviours and other aspects of the organisation.

Financial Performance

The financial performance for the year is summarised in the table below:

	Budget £m	Actual £m	Variation £m
Net expenditure on Bromley's Services	206.35	203.95	(2.40)
VAT settlement relating to claims from 1973	-	(3.20)	(3.20)
Funded by:			
Grant and Council Tax	(205.71)	(205.71)	-
Carry Forwards from 2008/09	(0.64)	-	0.64
Utilisation of General Reserves:			
To support the Revenue Budget	-	(4.96)	(4.96)
To support the Capital Programme	-	-	-
Reduction / (Increase) in General Reserves	-	(4.96)	(4.96)

Revenue Summary

The 2009/10 outturn shows an overall net improvement in balances of £5.6m which represents a variation of 2.7% compared with the final approved budget of £206.35 million. This consists of net underspends of £0.7m on services, net additional interest earnings (income) on General Fund balances of £0.5m, prior year adjustment relating to street services of £0.4m, recovery of VAT claims £3.2m, and other net variations of cr £0.8m. The overall net improvement in balances of £5.6m is partly offset by a sum of £0.64m for carry forwards funded from unspent budget provision in 2008/09.

Earmarked Reserves increased by £1.2m, mainly as a result of several new reserves established to fund General Member Priorities, Investment to the Community Fund, remedial measures to deal with Adverse Winter Weather, unrecoverable costs associated with Works to a Property and Support for Schools. Reserves relating to potential redundancy costs and the Town Centre Improvement Fund were also increased. These were offset by reductions to the LPSA/LAA Investment Fund and Funding for Resident's Priorities, which were utilised to fund expenditure in 2009/10.

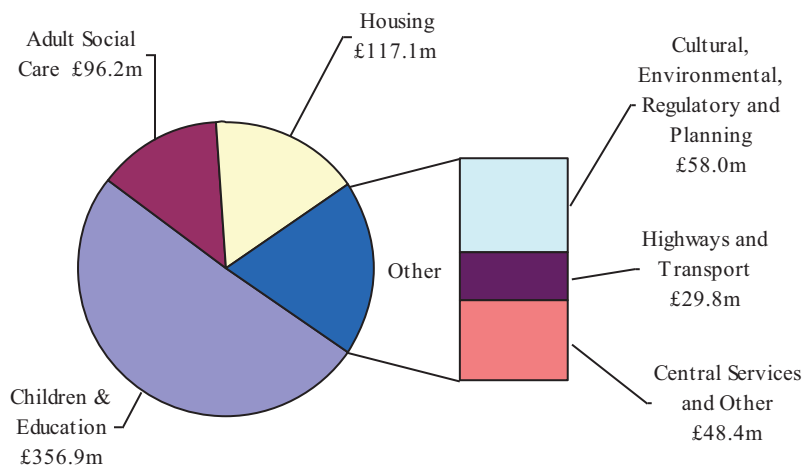
The final movement on General Fund Balances, excluding balances held by schools, was an increase of £4.96m compared with the 2009/10 budget assumptions.

Further details of the variations in 2009/10 were reported to the Council's Executive on the 16th June 2010 and are available through <http://sharepoint.bromley.gov.uk/default.aspx>.

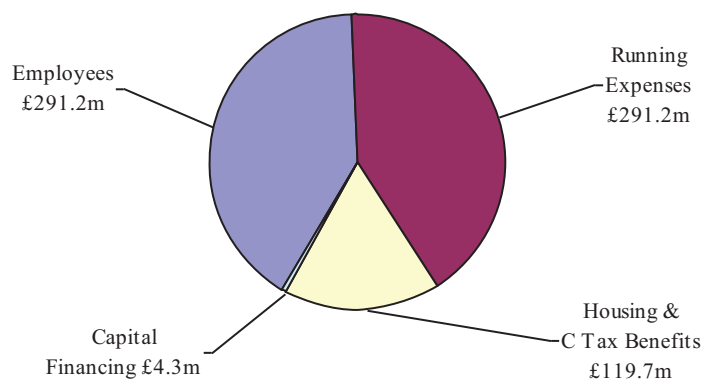
The overall pattern of the Council's total income and expenditure is summarised in the graphs on page 4.

DIRECTOR OF RESOURCES' EXPLANATORY FOREWORD

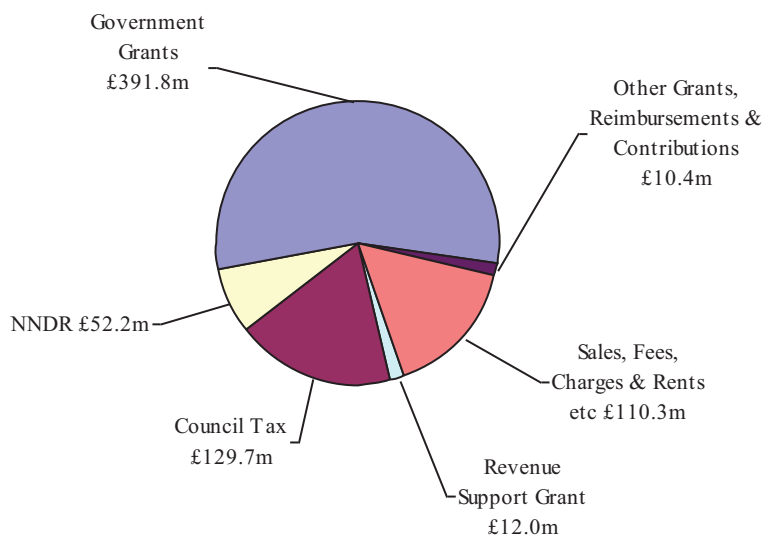
Services Provided - £706.4m



Gross Expenditure - £706.4m



Gross Income £706.4m



DIRECTOR OF RESOURCES' EXPLANATORY FOREWORD

Capital Summary

Capital expenditure totalled £42.5m compared to the final approved estimate of £52.6m, the difference being mainly due to slippage of expenditure into 2010/11. Capital expenditure was fully financed from Government grants and other external contributions, revenue contributions and capital receipts, without recourse to general reserves. Further details of capital financing are shown in the notes to the accounts (note 23 on page 44).

The Council generated new capital receipts of £3.0m in 2009/10 and, during the year, £3.8m of receipts were applied to finance capital expenditure.

Further information can be found in the Capital Programme Outturn report to the Executive on 16th June 2010 which is available through <http://sharepoint.bromley.gov.uk/default.aspx>.

Investments

At the year end the Council held significant investments totalling £144.1m (principal sum). These investments generate income to support the revenue budget and represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2009/10 the net assets of the Pension Fund increased by £148.6m. This was mainly due to investment gains arising from the recovery of the financial markets following significant falls in 2008/09.

The underlying assets and liabilities of the Fund for retirement benefits earned by Bromley employees past and present are recognised on the Council's Balance Sheet as a net liability (see note 12 on page 33). This liability has a significant negative effect on the net worth of the Council. However, the Council plans that the deficit on the scheme will be made good by increased employer contributions over the next 12 years.

Paul Dale
Director of Resources

Further Information

Further Information about the accounts is available from:

Head of Co-ordination & Control (Finance)
Resources Directorate
Bromley Council
Civic Centre
Stockwell Close
Bromley, BR1 3UH

Members of the public also have a statutory right to inspect the accounts each year before the audit is completed. The date and times of these inspections are advertised in the local press.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- * to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Resources;
- * to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- * to approve the Statement of Accounts.

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of 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 SORP).

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

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

The Director of Resources 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 Resources

I certify that the accounts set out on pages 12 to 69 provide a true and fair view of the financial position of the Authority as at 31st March 2010 and its income and expenditure for the year ended.



P. Dale
Director of Resources
18th June 2010

STATEMENT OF ACCOUNTING POLICIES

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31st March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

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:

- Fees, charges and rents are accounted for as income at the date on which the Council provides the relevant goods or services.
- 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 stock on the Balance Sheet.
- Works are charged as expenditure when they are completed; prior to this they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 28 on page 47).
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3 Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement but where the timing of that transaction is uncertain. For example, the council may be involved in a court case that will eventually result in the making of a settlement. Provisions are charged to the appropriate service revenue account in the year the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the Balance Sheet. Details of all provisions are set out in note 33 on page 49.

4 Reserves

The Council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account within the net cost of service in the Income and Expenditure Account for the relevant year. The reserve is then appropriated back in the General Fund balance statement so that there is no net charge against council tax for the expenditure. Details of Bromley's revenue reserves are set out in note 34 on pages 50 and 53.

Certain reserves are kept to manage the accounting processes for fixed assets and retirement benefits. These reserves do not represent usable resources for the Council and are explained further at policies 9 and 14.

STATEMENT OF ACCOUNTING POLICIES

Continued

5 Government Grants and Contributions (Revenue)

Government grants and third party contributions are recognised as income in the year that the Council satisfies the conditions of entitlement to the grant/contribution, there is a reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the expenditure to which they relate within the net cost of service in the Income and Expenditure Account.

Grants to cover general expenditure, such as Revenue Support Grant and Area Based Grant are credited at the foot of the Income and Expenditure account after net operating expenditure.

6 VAT

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them. The only exception to this general principle is where the Council is acting as an agent for a third party and incurs irrecoverable VAT.

7 Stocks and Work in Progress

Stock is valued at latest cost. This departure from SSAP 9, which recommends the lower of costs or net realisable value, has no material effect on the accounts. The value of work in progress is taken as costs to date.

8 Overheads and Support Services

The cost 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 Best Value Accounting Code of Practice 2008. The exceptions are:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation that are over and above those that would be incurred in the provision of services alone.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of the net cost of services.

9 Retirement Benefits

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

- The Teachers' Pension Scheme, administered by the Teachers Pensions Agency
- The Local Government Pensions Scheme, administered by the Council itself under national regulations.

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

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

Disclosures in relation to retirement benefits can be found in note 12 on pages 32 to 35.

STATEMENT OF ACCOUNTING POLICIES

Continued

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 also recognised in the accounting periods in which they arise.

The accounts have been prepared on the basis of FRS17: Retirement Benefits and on the advice of the Council's actuary, Barnett Waddingham LLP, in accordance with Guidance Note 36 Accounting for Retirement Benefits under FRS 17, 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 payment 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 of 5.7% per annum (1.8% real), as determined by the Council's actuary (6.7% and 4.0% in 2008/09). This is based on the yield on the Merrill Lynch Non Gilt Sterling AA over 15 year Corporate Bond Index with an adjustment to reflect the duration of the liabilities relative to the duration of the index.

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 7 components:

- current service cost (the increase in liabilities as a result of years of service earned this year) - allocated to the relevant revenue accounts in the Income & Expenditure (I&E) Account.
- past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years) - debited to Non-Distributed Costs in the I&E Account.
- 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 in the I&E Account.
- expected return on assets (the annual investment return on fund assets attributable to the Council, based on an average of the expected long-term return) - credited to Net Operating Expenditure in the I&E Account.
- gains/losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of employee benefits) - debited to Non-Distributed Costs in the I & E Account.
- actuarial gains/losses (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary's assumptions have been updated) - debited to the Statement of Recognised Gains and Losses.
- contributions paid to the Pension Fund (cash paid as employer contributions).

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated by the relevant accounting standards. In the Statement of Movement on the General Fund Balance 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 any amounts payable to the fund but unpaid at the year-end.

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.

STATEMENT OF ACCOUNTING POLICIES

Continued

10 Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment. Bromley had no such assets at 31st March 2010.

11 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

12 Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts, provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (i.e. repair and maintenance) is charged direct to service revenue accounts.

Measurement

The freehold and leasehold properties which comprise the Authority's property portfolio are re-valued on the basis required by the SORP (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at 1st April 2009 under the responsibility of Jane Pocknall BSc FRICS, Head of Valuation and Estates.

Fixed assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- land, operational properties and other operational assets are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use (where there is a market for such an asset);
- furniture and equipment is valued as a predetermined percentage of the building value, based on the actual value of furniture and equipment expenditure incurred on new-build capital schemes;
- vehicles are valued at cost less depreciation as determined by the Transport Manager;
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at the lower of net current replacement cost or net realisable value for an alternative use for which there is an existing planning consent. In the case of investment properties, this is normally open market value;
- infrastructure assets and community assets are included in the Balance Sheet at historical cost, net of depreciation. Individual infrastructure and community assets are not identified.
- assets under construction are included in the Balance Sheet at historical cost, pending valuation as soon as the asset becomes operational.

STATEMENT OF ACCOUNTING POLICIES

Continued

Measurement (cont)

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment

Asset values are reviewed at the end of each financial year for evidence of reductions in value (impairment loss). Where impairment loss is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits - the loss is charged to the relevant service revenue account.
- otherwise - written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of housing capital receipts is payable to the Government.

The 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 Statement of Movement on the General Fund Balance.

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

Depreciation

Depreciation is provided for on all fixed assets with a determinable finite useful life (except for investment properties) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from its use.

The following depreciation policy is applied:

- depreciation is charged on all fixed assets 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.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

STATEMENT OF ACCOUNTING POLICIES

Continued

Government Grants and Other Contributions (Capital)

Where the acquisition of an identifiable fixed asset is financed either wholly or in part by a government grant or other contributions, the amount of the grant or contribution is credited to the Government Grants Deferred Account. Amounts are released to the relevant service revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

13 Charges to Revenue for Fixed Assets

General Fund service revenue accounts, central support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- any impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- amortisation of intangible fixed assets attributable to the service.

However, the Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. It is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance, or loans fund principal charges). Depreciation, impairment losses and amortisations are therefore replaced by a revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

14 Capital Reserves

There are three capital reserves in the balance sheet:

- the Revaluation Reserve, which records accumulated gains on fixed assets arising from increases in asset values and depreciation charges that have been incurred only because the asset has been revalued. When an asset is sold, the Revaluation Reserve balance is written out to the Capital Adjustment Account. The balance on the Reserve therefore represents the amount by which the current value of fixed assets is greater because they are carried at revalued amounts rather than depreciated historical cost.
- the Capital Adjustment Account, which comprises the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairment or written off on disposal and resources that have been set aside to finance capital expenditure. The balance on the account represents timing differences between historical cost that has been consumed and the amount that has been financed.
- the Usable Capital Receipts Reserve, which represents receipts from disposals that are available for financing capital schemes. Receipts are used in the year the income is received and any balance remaining on the reserve is carried forward to finance capital expenditure in a future accounting period.

With the exception of the Usable Capital Receipts Reserve these accounts do not constitute a funding resource available to the Council, rather they are balanced within the Balance Sheet by fixed assets.

15 Leases

Finance Leases

Leases are accounted for as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Both the asset and the liability are recognised on the Balance Sheet and the asset is accounted for using the policies applied generally to fixed assets. The rental payments under finance leases are split between the finance charge, which is debited to Net Operating Expenditure in the Income and Expenditure Account, and the outstanding liability which reduces as the lease payments are made.

STATEMENT OF ACCOUNTING POLICIES

Continued

Leases (cont)

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. The rentals payable are charged or credited to the relevant service revenue account on a straight-line basis over the term of the lease.

16 Financial Assets

Financial Assets can be classified into two main types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. Bromley currently has no available-for-sale assets.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are usually therefore based on the carrying amount of the asset multiplied by the effective interest rate for the financial instrument. For all of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (including accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans at less than market rates (soft loans), for example car and season ticket loans to employees or deferred payment agreements for social services clients. The SORP requires that when soft loans are made, a loss is recorded in the Income and Expenditure Account 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. The impact on the general fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance. The Council has a record of all soft loans issued and, having calculated the value, has not applied this policy as the amounts involved would not create a material difference in the accounts.

INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008/09 Net Expenditure £000	Service	Notes	2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000
1,306	Central Services to the Public		23,284	(21,504)	1,780
60,563	Cultural, Environmental, Regulatory and Planning Services	1	62,597	(11,303)	51,294
51,647	Children's and Education Services	3 & 4	377,538	(337,723)	39,815
16,160	Highways and Transport Services	1	33,053	(19,693)	13,360
6,116	Housing Services		117,753	(111,110)	6,643
74,480	Adult Social Care	5	97,004	(23,533)	73,471
7,106	Corporate and Democratic Core	6	7,140	-	7,140
2,047	Non Distributed Costs	7	1,022	-	1,022
219,425	Net Cost of Services	8 to 12	719,391	(524,866)	194,525
18,860	(Gain) / Loss on Disposal of Fixed Assets	13			-
10,340	(Surpluses) / Deficits on Trading Undertakings	3 & 14			(1,788)
5	Interest Payable and Similar Charges	15			-
49	Contribution of Housing Capital Receipts to Government Pool	16			33
1,640	Investment Losses				(300)
(9,012)	Interest and Investment Income	1			(6,460)
(492)	Other Income	17			(1,576)
3,083	Pensions Interest Cost and Expected Return on Pensions Assets	12			9,274
(27)	Distribution of former LRB Balances	18			(28)
2,232	Levies by Other Authorities	19			2,330
246,103	Net Operating Expenditure				196,010
(126,267)	Demand on the Collection Fund				(129,715)
(19,501)	General Government Grants	20			(24,377)
(55,477)	Non-domestic Rates Redistribution				(52,176)
44,858	(Surplus) / Deficit for the Year				(10,258)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
 - The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but it is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather
- than as future benefits are earned.

The General Fund Balance compares the Council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and General Fund Balance.

2008/09		2009/10
£000		£000
44,858	(Surplus) / Deficit for the year on the Income and Expenditure Account	(10,258)
(46,037)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (see note 21)	(45)
(1,179)	(Increase)/Reduction in General Fund Balance for the Year	(10,303)
(61,651)	General Fund Balance brought forward	(62,830)
(62,830)	General Fund Balance carried forward	(73,133)
(15,939)	Amount of General Fund Balance held by governors under schemes to finance schools	(21,278)
(46,891)	Amount of General Fund Balance generally available for new expenditure	(51,855)
(62,830)		(73,133)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net Pension Fund liability to cover the cost of retirement benefits.

2008/09		2009/10
£000		£000
44,858	(Surplus) / Deficit for the year on the Income and Expenditure Account	(10,258)
(124,019)	(Surplus)/Deficit arising on Revaluation of Fixed Assets (note 34a)	(13,536)
(11,475)	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities (note 12c)	99,349
7	Other Movements (see note 22)	-
<u>(90,629)</u>	<u>Total Recognised (Gains)/Losses for the year</u>	<u>75,555</u>

BALANCE SHEET

As at 31st March

2009 £000		Notes	£000	2010 £000
	Fixed Assets	23		
	<i>Operational Assets</i>			
749,677	Land and Buildings		749,728	
29,463	Vehicles, Plant, Furniture and Equipment etc		31,779	
69,978	Infrastructure Assets		73,783	
1,780	Community Assets		1,700	
	<i>Non-Operational Assets</i>			
50,792	Investment Properties		49,103	
17,553	Surplus Assets held for Disposal		19,329	
7,965	Assets under Construction		13,714	
<u>927,208</u>	Total Fixed Assets			939,136
45,510	Long Term Investments	24		15,009
4,119	Long Term Debtors	25		3,931
<u>976,837</u>	Total Long Term Assets			<u>958,076</u>
	Current Assets			
286	Stocks and Work in Progress	26	300	
32,936	Debtors and Payments in Advance	28	36,764	
91,200	Short Term Investments	24	130,585	
-	Cash in Hand	29	1,118	
<u>124,422</u>				168,767
<u>1,101,259</u>	Total Assets			<u>1,126,843</u>
	Current Liabilities			
4,657	Short Term Borrowing	30	2,856	
70,049	Creditors and Receipts in Advance	31	79,143	
2,906	Cash Overdrawn	29	-	
<u>77,612</u>				81,999
<u>1,023,647</u>	Total Assets Less Current Liabilities			<u>1,044,844</u>
	Long Term Liabilities			
1,145	Government Grants Deferred	32	1,116	
8,789	Provisions	33	6,181	
	Liability related to Defined Benefit Pension Scheme	12	239,803	
<u>140,414</u>				247,100
<u>150,348</u>				<u>247,100</u>
<u>873,299</u>	Total Assets Less Liabilities			<u>797,744</u>
	Financed by:	34		
138,537	Revaluation Reserve	a		149,830
784,266	Capital Adjustment Account	b		784,969
(140,414)	Pensions Reserve	c		(239,803)
14,032	Capital Receipts Reserve	d		13,236
2,517	Deferred Capital Receipts	e		3,635
62,830	General Fund Balance	f		73,133
11,531	Earmarked Reserves	g		12,744
<u>873,299</u>	Total Net Worth			<u>797,744</u>

CASH FLOW STATEMENT

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2008/09 £000	Notes	£000	2009/10 £000
	Revenue Activities		
	<i>Cash Outflows</i>		
277,598	Cash paid to and on behalf of employees	293,928	
303,586	Other operating costs	313,699	
86,395	Housing Benefit	101,282	
<u>667,579</u>			708,909
	<i>Cash Inflows</i>		
(7,553)	Rents	(6,589)	
(110,320)	Council Tax receipts	(112,617)	
(55,477)	National non-domestic rate payments from pool	(52,176)	
(7,723)	Revenue support grant	(12,043)	
(99,348)	Housing and Council Tax benefit grant	(118,944)	
(256,502)	Other government grants	(272,571)	
(99,852)	Cash received for goods and services	(106,372)	
<u>(636,775)</u>			<u>(681,312)</u>
30,804	Net Cash Flow on Revenue Activities	39	<u>27,597</u>
	Returns on Investment and Servicing of Finance		
	<i>Cash Inflows</i>		
(9,051)	Interest received		(6,441)
	Capital Activities		
	<i>Cash Outflows</i>		
8,497	Purchase of fixed assets		11,349
	<i>Cash Inflows</i>		
(1,755)	Sale of fixed assets	(2,641)	
(9,077)	Capital grants received	(33,898)	
(63,999)	Sale of long term Investments	(30,501)	
(10,371)	Other capital receipts	(12,911)	
<u>(85,202)</u>			<u>(79,951)</u>
<u>(54,952)</u>	Net Cash (In)/Outflow before Financing		<u>(47,446)</u>
	Management of Liquid Resources	40	
52,839	Net increase/(decrease) in short term deposits		39,385
922	Net increase/(decrease) in other liquid resources		2,236
	Financing	40	
	<i>Cash Outflows</i>		
589	Repayment of short term borrowing		1,801
<u>(602)</u>	Decrease / (Increase) in cash	41	<u>(4,024)</u>

Notes to the Core Financial Statements

1 *Exceptional Items*

In 2009/10, the Council was successful in seeking recoveries from HM Revenue and Customs relating to six separate historic VAT claims for different periods from April 1973 to May 1996. These claims relate to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries audio visual equipment.

The total sum recovered amounts to £1,576k and interest of £1,620k was also deemed payable. This one-off income, totalling £3,196k, is reflected in the Income and Expenditure Account within the relevant services to which it relates:

	£'000
Cultural, Environmental, Regulatory and Planning Services	1,496
Highways and Transport Services	80
	<u>1,576</u>
Interest and Investment Income	1,620
Total Income	<u>3,196</u>

2 *Prior Period Adjustment*

In line with changes to the Code of Practice on Local Authority Accounting for 2009 regarding accounting practice for the collection and distribution of Council Tax income and National Non-Domestic Rates (NNDR), prior year adjustments are required to figures contained in the published 2008/09 balance sheet and cash flow statement.

In its capacity as a billing authority, the Council acts as an agent which collects and distributes Council Tax income on behalf of our major preceptor, the Greater London Authority, and the Council itself. Income for National Non-Domestic Rates (NNDR) is not the income of the billing authority but collected on behalf of the Government.

Balance Sheet	Balance Sheet 31st March 2009 (published) £'000	NNDR Adjustments £'000	Council Tax Adjustments £'000	Balance Sheet 31st March 2009 (adjusted) £'000
Debtors & Payments in Advance	35,938	(2,246)	(756)	32,936
Creditors & Receipts in Advance	73,051	(2,246)	(756)	70,049

Cash Flow Statement	Cash Flow Statement 31st March 2009 (published) £'000	NNDR Adjustments £'000	Council Tax Adjustments £'000	Cash Flow Statement 31st March 2009 (adjusted) £'000
National Non-Domestic Rate Payments to Pool	77,942	(77,942)	-	-
Precepts	41,036	-	(41,036)	-
Council Tax Receipts	(151,588)	-	41,268	(110,320)
Non-Domestic Rate Income	(77,140)	77,140	-	-
Cash Received for Goods and Services	(99,500)	(352)	-	(99,852)
Net Cash Flow on Revenue Activities	31,726	(1,154)	232	30,804
Net Cash (In)/Outflow before Financing	(54,030)	(1,154)	232	(54,952)
Net Increase/(Decrease) in Other Liquid Resources	-	1,154	(232)	922

Notes to the Core Financial Statements

3 Lease Agreements

Operating Leases - Authority as Lessee

Land and Buildings:

The authority leases premises on Croydon Road, Penge. The rentals payable in 2009/10 were £85,173 (£85,173 in 2008/09).

The authority also leases premises on Masons Hill, Bromley. The rentals payable in 2009/10 were £157,000 (£119,000 in 2008/09).

Both of these leases have been accounted for as operating leases.

Vehicles, Plant, Furniture and Equipment:

The authority uses photocopiers financed under the terms of an operating lease. The amount paid under these arrangements in 2009/10 was £157,129 (£227,063 in 2008/09).

Operating Leases - Schools as Lessee

Vehicles, Plant, Furniture and Equipment:

Schools use photocopiers, telephone systems, ICT equipment, mini buses, and CCTV equipment which are all financed under the terms of an operating lease. The amount paid under these arrangements in 2009/10 was £893,000.

Commitments under Operating Leases:

The authority was committed at 31st March 2010 to making payments of £424,000 under operating leases in 2010/11 and schools were committed to making payments of £879,000, comprising the following elements:

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
Leases expiring in 2010/11	-	323	323
Leases expiring between 2011/12 and 2015/16	-	776	776
Leases expiring after 2015/16	204	-	204
	<u>204</u>	<u>1,099</u>	<u>1,303</u>

Operating Leases - Authority as Lessor

The authority has granted a number of lease agreements with regard to its portfolio of investment and other Council properties which are accounted for as operating leases. Rental income of £4,776,000 was received in 2009/10 in relation to these properties (£4,988,000 in 2008/09). The gross value of assets held at 31st March 2010 was £70,705,000 (valued at £69,740,000 on 31st March 2009 and subject to £146,000 depreciation to 31st March 2010) after accounting for revaluations during 2009/10.

Finance Leases

As at 31st March 2010, the authority holds no finance leases.

Notes to the Core Financial Statements

4 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, 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 (England) Regulations 2008. 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 2009/10 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s	Notes
Final DSG for 2009/10	28,320	151,080	179,400	(a)
Brought forward from 2008/09	2,368	-	2,368	(b)
Carry forward to 2010/11 agreed in advance	-	-	-	(c)
Agreed budgeted distribution in 2009/10	30,688	151,080	181,768	(d)
Actual central expenditure	28,276	-	28,276	(e)
Actual ISB deployed to schools	-	151,080	151,080	(f)
Local Authority contribution for 2009/10	753	-	753	(g)
Carry forward to 2010/11	3,165	-	3,165	(h)

- (a)** Final figure as issued by DCSF on 25th June 2009.
- (b)** Figure brought forward from 2008/09 as agreed with DSCF.
- (c)** Any amount which the Authority decided after consultation with the schools forum to carry forward to 2010/11 rather than distribute in 2009/10.
- (d)** Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.
- (e)** Actual amount of central expenditure items in 2009/10.
- (f)** Amount of ISB actually distributed to schools.
- (g)** Any contribution from the Local Authority in 2009/10 which will have the effect of substituting for DSG in funding the Schools Budget.
- (h)** Carry forward to 2010/11.

Notes to the Core Financial Statements

5 Pooled Budgets

There are two pooled budgets with Bromley PCT which operate under Section 31 of the Health Act 1999 (revised to Section 75 of the NHS Act 2006) and are hosted by the Council. One is for the provision of Learning Disabilities Day Services and the other, an arrangement for the provision of Integrated Stores. The transactions of these pooled budgets are summarised below.

2008/09			2009/10	
Learning Disabilities	Integrated Community Equipment Store		Learning Disabilities	Integrated Community Equipment Store
£000	£000		£000	£000
Income				
1,636	172	Bromley PCT contribution	3,027	187
3,355	890	London Borough of Bromley contribution	3,322	989
211	-	Other income	209	-
5,202	1,062	Gross Income	6,558	1,176
Expenditure				
5,115	-	Learning disabilities day services	6,612	-
-	1,084	Occupational therapy equipment store	-	1,200
5,115	1,084	Gross Expenditure	6,612	1,200
(87)	22	Surplus (-) / deficit for the year	54	24

The deficit on the Learning Disabilities pooled budget in 2009/10 is shared equally between partners.

The deficit on the Integrated Community Equipment Store has been funded by Bromley Council.

There is also a pooled budget for the provision of Mental Health functions in the borough which is hosted by Oxleas NHS Foundation Trust. The transactions of this pooled budget are summarised below:

2008/09		2009/10
Mental Health Services		Mental Health Services
£000		£000
Income		
18,246	Oxleas NHS Foundation Trust contribution	17,773
1,598	London Borough of Bromley contribution	1,392
19,844	Gross Income	19,165
Expenditure		
19,930	Mental Health Functions	20,124
19,930	Gross Expenditure	20,124
86	Surplus (-) / deficit for the year	959

The parties agreed that the net deficit in 2009/10 on the Mental Health pooled budget be funded by Oxleas.

6 Members' Allowances

The total of Members' Allowances paid during the year was £1,082,327 (£1,047,950 in 2008/09).

Notes to the Core Financial Statements

7 Non Distributed Costs

As required by The Best Value Accounting Code of Practice, these costs comprise pension costs, as defined by FRS17, as follows:

- Past Service Costs, which are liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
- Curtailments, being an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of the defined benefit for some or all of their future service.
- Settlements which are an irrevocable action that relieves the employer (or defined benefit scheme) of the primary responsibility for the pension obligation and eliminates risks relating to the obligation and the assets used to effect the settlement.

8 Section 106 Receipts

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (eg. provision of affordable housing, healthcare facilities & secondary school places). The sums are restricted to being spent only in accordance with the agreement concluded with the developer. Unused monies are reflected in the balance sheet as a receipt in advance. The major balances of Section 106 receipts held by the Council during the year were as follows:

31 March 2009 £000	Service	Income £000	Expenditure £000	Transfers (to)/ from Capital £000	31 March 2010 £000
Revenue					
412	Highway Improvement Works	90	13	-	489
76	Road Safety Schemes	-	46	-	30
49	Local Economy & Town Centres	26	4	(26)	45
58	Parking	42	33	-	67
35	Landscaping	-	-	-	35
-	Education	136	-	(136)	-
118	Healthcare Services	98	-	-	216
10	Community Use	30	-	-	40
10	Other	5	-	-	15
<u>768</u>		<u>427</u>	<u>96</u>	<u>(162)</u>	<u>937</u>
Capital					
591	Local Economy & Town Centres	-	38	26	579
768	Education	-	-	136	904
1,790	Housing	-	87	-	1,703
860	Community Use	-	-	-	860
<u>4,009</u>		<u>-</u>	<u>125</u>	<u>162</u>	<u>4,046</u>
<u>4,777</u>		<u>427</u>	<u>221</u>	<u>-</u>	<u>4,983</u>

Notes to the Core Financial Statements

9 Officers Emoluments

The Accounts and Audit Regulations (2003) require disclosure of the number of employees whose remuneration, excluding employer's pension contributions, is above £50,000.

2008/2009			Annual Remuneration	2009/10		
Non-School Employees	School Employees	Total Employees		Non-School Employees	School Employees	Total Employees
49	77	126	£50,000-£54,999	53	97	150
26	72	98	£55,000-£59,999	30	71	101
25	21	46	£60,000-£64,999	18	48	66
16	31	47	£65,000-£69,999	23	30	53
6	9	15	£70,000-£74,999	13	21	34
5	11	16	£75,000-£79,999	5	12	17
3	5	8	£80,000-£84,999	3	5	8
6	4	10	£85,000-£89,999	3	8	11
1	1	2	£90,000-£94,999	1	2	3
6	6	12	£95,000-£99,999	1	4	5
1	3	4	£100,000-£104,999	2	3	5
1	-	1	£105,000-£109,999	4	1	5
-	1	1	£110,000-£114,999	-	2	2
-	2	2	£115,000-£119,999	2	5	7
*1	-	1	£120,000-£124,999	1	1	2
1	3	4	£125,000-£129,999	-	1	1
2	-	2	£130,000-£134,999	2	1	3
-	-	-	£135,000-£139,999	1	-	1
-	-	-	£140,000-£144,999	-	1	1
-	-	-	£145,000-£149,999	-	-	-
-	-	-	£150,000-£154,999	-	-	-
-	-	-	£155,000-£159,999	-	-	-
-	-	-	£160,000-£164,999	-	-	-
-	-	-	£165,000-£169,999	-	-	-
1	-	1	£170,000-£174,999	-	-	-
-	-	-	£175,000-£179,999	-	-	-
-	-	-	£180,000-£184,999	-	-	-
-	-	-	£185,000-£189,999	*1	-	1
-	-	-	£190,000-£194,999	-	-	-

* In accordance with the requirements of the SORP 2009, remuneration includes payment for acting as a returning officer.

In order to comply with amendments to the Accounts and Audit Regulations 2003, remuneration bandings are required to be disclosed in brackets of £5,000. The 2008/09 figures in the above table have been restated to reflect this change.

The amended Regulations also introduce a new requirement to disclose individual remuneration details for senior employees.

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

9 Officers Emoluments - continued

The following table sets out the remuneration disclosures for senior employees whose salary is equal to or more than £50,000 per year.

Disclosure of remuneration for senior employees 2008-09	Salary (including Fees, Allowances Expenses)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Post holder information (Post title)	£	£	£	£	£
*Including Returning Officer Payment					
Chief Executive - D. Patterson	172,479	-	172,479	24,475	196,954
Director of Resources	129,720	4,394	134,114	19,069	153,183
Director of Legal & Democratic Services*	119,594	3,952	123,546	14,907	138,453
Assistant Chief Executive HR	101,913	-	101,913	14,981	116,894
Director of Renewal & Recreation#	85,893	-	85,893	12,626	98,519
Director of Environmental Services	104,504	4,643	109,147	15,359	124,506
Director of Children & Young People Services	125,488	2,984	128,472	18,768	147,240
Director of Adult & Community Services	127,425	3,642	131,067	18,725	149,792
	967,016	19,615	986,631	138,910	1,125,541

#The Director of Renewal & Recreation joined the London Borough of Bromley on 30th June 2008 with an annualised salary of £114,101.

Disclosure of remuneration for senior employees 2009-10	Salary (including Fees, Allowances Expenses)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Post holder information (Post title)	£	£	£	£	£
*Including Returning Officer Payment					
Chief Executive - D. Patterson*	188,785	-	188,785	26,502	215,287
Director of Resources	133,352	2,615	135,967	19,603	155,570
Director of Legal & Democratic Services	104,006	4,666	108,672	15,354	124,026
Assistant Chief Executive HR	107,835	-	107,835	15,852	123,687
Director of Renewal & Recreation	116,839	-	116,839	17,175	134,014
Director of Environmental Services	112,772	4,940	117,712	16,542	134,254
Director of Children & Young People Services	134,452	-	134,452	19,749	154,201
Director of Adult & Community Services	130,958	3,726	134,684	19,250	153,934
	1,028,999	15,947	1,044,946	150,027	1,194,973

Notes to the Core Financial Statements

10 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 effective control 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 (eg. housing benefits). Details of transactions with government departments are set out in a note to the Cash Flow Statement.

The Council has prepared this disclosure in accordance with its interpretation and understanding of FRS8 and its applicability to the public sector utilising current advice and guidance.

There are no declarable related party transactions with Chief Officers, Members, or their related parties with the exception of the following:-

- a) Councillor W. Huntington-Thresher and Councillor Curry are council appointed board members of Broomleigh Housing Association (Affinity Homes Group) to which Bromley paid £4.7m in 2009/10.
- b) Councillor Papworth is a member of the board of the Crystal Palace Community Development Trust to which Bromley paid £0.05m in 2009/10.
- c) Councillor Mrs Manning is Chairman of the Carers Organisation which receives support in kind by Carers Bromley, an organisation to which Bromley paid £0.5m in 2009/10.
- d) Councillor Hobbins is the Chairman of Trustees of Bromley Advocacy Project to which Bromley paid £0.05m in 2009/10.
- e) Councillor N. Bennett is a member of the Bromley MyTime Board of Trustees to which Bromley paid £1.3m in 2009/10.

11 Audit Costs

The Council incurred the following fees relating to external audit and inspection:

2008/09 £000		2009/10 £000
	Fees payable with regard to external audit services carried out by the appointed auditor (including Whole of Government Accounts)	
63	- Baker Tilly UK Audit LLP	-
177	- PricewaterhouseCoopers LLP	248
29	Fees payable to the Audit Commission in respect of statutory inspection and NFI fee	22
60	Fees payable for the certification of grant claims and returns - PricewaterhouseCoopers LLP	50
37	Fees payable in respect of other services provided by the appointed auditor - PricewaterhouseCoopers LLP	47
<u>366</u>		<u>367</u>

Notes to the Core Financial Statements

12 Disclosure of Information about Retirement Benefits

(a) Participation in Pension Schemes

The Council's Pension Fund is a defined benefit statutory scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007/08 as amended, for the purpose of providing pension benefits for its employees. In addition to the provision of retirement pensions, the benefits include lump sum retirement grants and widow's pensions. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

A number of changes to the scheme came into effect on 1st April 2008. These mainly related to benefits accruing and scheme member contributions after 1st April 2008. Two of the changes did, however, affect members' benefits earned before 1st April 2008; an increase in the period of the pension guarantee following retirement from 5 to 10 years and the introduction of contingent dependants' benefits for co-habitees. The appropriate past service cost of these benefit improvements has been calculated by the actuary and is included in the Income & Expenditure Account.

(b) Transactions relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services when benefits are earned by employees, rather than when they are actually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the General Fund Balance during the year, based on figures provided in the FRS17 report as at 31st March 2010, prepared by the Council's actuary, Barnett Waddingham LLP.

	2008/09	2009/10
	£000	£000
Past service cost	1,518	-
Loss on Curtailments	242	727
Current service cost	16,470	11,937
Total included in Net Cost of Services	<u>18,230</u>	<u>12,664</u>
Pensions interest cost	25,584	26,871
Expected return on assets	(22,501)	(17,597)
Total included in Net Operating Expenditure	<u>21,313</u>	<u>21,938</u>
Actual return on scheme assets	<u>(77,987)</u>	<u>132,408</u>

The totals are reversed in the Statement of Movement on the General Fund Balance.

Projected pension expenses for the year to 31st March 2011

	2010/11
	£000
Current service cost	25,715
Pension interest cost	36,760
Expected return on assets	<u>(28,631)</u>
Total	<u>33,844</u>
Employer Contributions	22,997

Notes to the Core Financial Statements

12 Disclosure of Information about Retirement Benefits - continued

(c) Assets and Liabilities in relation to Retirement Benefits

Liabilities have been assessed on an actuarial basis using the projected unit 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 Barnett Waddingham LLP, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2007.

The main financial assumptions used by the actuary for the purposes of the FRS17 calculations were:

	31/03/08	31/03/09	31/03/10
	% pa	% pa	% pa
Price increases	3.6	2.6	3.8
Discount rate (pre- and post-retirement)	6.3	6.7	5.7
Salary increases	5.1	4.1	5.3
Pension increases	3.6	2.6	3.8

The underlying assets and liabilities for retirement benefits attributable to the Authority, as estimated by the Council's actuary as at 31st March 2010, are as follows:

	31/03/08	31/03/09	31/03/10
	£000	£000	£000
Present value of funded obligation	488,715	400,230	636,621
Fair value of scheme assets (bid value)	342,106	263,021	400,559
	<u>146,609</u>	<u>137,209</u>	<u>236,062</u>
Present value of unfunded obligation	3,811	3,205	3,741
Net Liability	<u>150,420</u>	<u>140,414</u>	<u>239,803</u>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The overall liability has a significant negative effect on the net worth of the Authority as recorded in the balance sheet. The contribution rates set by the actuary in the last full valuation as at 31st March 2007 should enable the fund to become fully funded in 12 years.

The Fund's assets consist of the following categories, by proportion of the assets held.

	31/03/08	31/03/09	31/03/10
	%	%	%
Equity investments	70	77	84
Gilts / Bonds	28	21	15
Other assets	2	2	1
	<u>100</u>	<u>100</u>	<u>100</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The actuary has made the following assumptions:

	31/03/08	31/03/09	31/03/10
	%	%	%
Equity investments	7.0	7.0	7.5
Gilts / Bonds	5.4	5.1	5.2
Cash	5.3	3.0	3.0

Notes to the Core Financial Statements

12 Disclosure of Information about Retirement Benefits - continued

(c) Assets and Liabilities in relation to Retirement Benefits (cont)

Reconciliation of opening and closing balances of Assets and Benefit obligations

	2008/09	2009/10
	£000	£000
Opening Defined Benefit obligation	492,526	403,435
Current service cost	16,470	11,937
Interest cost	25,584	26,871
Actuarial (gain)/loss	(115,384)	214,160
Losses on curtailments	242	727
Estimated benefits paid (net of transfers in)	(22,297)	(22,530)
Past service costs	1,518	-
Contributions by scheme members	5,176	6,060
Unfunded pension payments	(400)	(298)
Closing Defined Benefit obligation	403,435	640,362
Opening fair value of scheme assets	342,106	263,021
Expected return on scheme assets	22,501	17,597
Change in asset valuation method	(3,421)	-
Actuarial gain/(loss)	(100,488)	114,811
Contributions by employer	19,844	21,898
Contributions by scheme members	5,176	6,060
Estimated benefits paid (net of transfers in)	(22,697)	(22,828)
Closing fair value of scheme assets	263,021	400,559
Deficit at beginning of the year	(150,420)	(140,414)
Current service cost	(16,470)	(11,937)
Employer contributions	19,444	21,600
Unfunded pension payments	400	298
Past service costs	(1,518)	-
Other finance income	(3,083)	(9,274)
Curtailments	(242)	(727)
Actuarial gain/(loss) (inc. change in asset valuation method)	11,475	(99,349)
Deficit at end of the year	(140,414)	(239,803)

(d) History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 and in previous years can be analysed into the following categories, measured as a percentage of assets or liabilities as at 31st March.

	2005/06	2006/07	2007/08	2008/09	2009/10
	%	%	%	%	%
Differences between expected and actual return on assets	17.7	(3.7)	(2.1)	(38.2)	28.7
Experience gains and losses on liabilities	-	-	(6.0)	-	-

Notes to the Core Financial Statements

12 Disclosure of Information about Retirement Benefits - continued

(e) Demographic / Statistical assumptions

The actuary adopted the PA92 series post-retirement mortality tables projected to calendar year 2007 for current pensioners and 2017 for non-pensioners with a -2 year age rating and a 95% scaling factor. The assumed life expectations from age 65 were:

Retiring now:	Males 21.27 years	Females 24.33 years
Retiring in 20 years:	Males 22.21 years	Females 25.26 years

The actuary has assumed that 50% of retiring members will opt to convert pension in order to increase their lump sums to the maximum allowed.

(f) Sensitivity analysis

The following table sets out the impact of a change in the discount rates on the Total Obligation and Projected Service Cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0%	-0.1%
Present value of Total Obligation	627,142	640,362	653,898
Projected Service Cost	24,888	25,715	26,564
Adjustment to assumed mortality age	+ 1 year	None	- 1 year
Present value of Total Obligation	616,471	640,362	664,454
Projected Service Cost	24,578	25,715	26,858

(g) Balance Sheet Amounts for the current and previous four periods

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Defined Benefit Obligation	(517,651)	(546,523)	(492,526)	(403,435)	(640,362)
Scheme assets	308,799	322,456	342,106	263,021	400,559
Deficit	<u>(208,852)</u>	<u>(224,067)</u>	<u>(150,420)</u>	<u>(140,414)</u>	<u>(239,803)</u>
Experience adjustments on assets	54,717	(11,908)	(7,139)	(100,488)	114,811
Experience adjustments on liabilities	-	-	29,748	-	-

(h) Bromley Employees

In 2009/10, Bromley paid into the Pension Fund a total contribution of £21,466,000 (31.3% of total pensionable pay), including a past deficit contribution of £8.3m, which represents an increase of 1.4% in percentage terms from the 2008/09 contribution. The underlying contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. The increase in 2009/10 incorporates the results of the full valuation as at 31st March 2007, which set contribution rates to achieve a funding level of 100% of the overall liabilities of the fund over the next 12 years.

(i) Teachers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, a defined benefit scheme administered by the Teachers' Pensions Agency. The Authority makes contributions towards the costs based on a percentage of members' pensionable salaries. As this scheme is unfunded, it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees.

In 2009/10, Bromley paid £6,018,000 to the Teachers' Pensions Agency in respect of teachers' pension costs which represented 14.1% of teachers' pensionable pay. In addition, Bromley is responsible for all pension payments relating to added years it has awarded. There were no payments relating to added years in 2009/10.

Notes to the Core Financial Statements

13 (Gain) / Loss on Disposal of Fixed Assets

The Council is required to account for gains and losses on the disposal of fixed assets in the Income & Expenditure Account. The gain or loss on disposal is the amount by which the disposal proceeds are more (gain) or less (loss) than the carrying value of the fixed asset on the balance sheet.

The reversing entry is shown in the Statement of Movement on the General Fund Balance.

Entries in the 2008/09 and 2009/10 accounts are shown below. In 2008/09, Cator Park Girls School attained Foundation School status and the fixed asset value of the school (£18.86m) transferred to the school's governing body. This was treated as an asset disposal with no proceeds in the accounts. There were no gains or losses in 2009/10.

	2008/09 £000	2009/10 £000
Income & Expenditure Account		
- asset disposal proceeds	(1,755)	-
- carrying value of fixed assets	20,615	-
(Gain) / Loss on Disposal	18,860	-

14 Surplus on Trading Operations

The deficit/(surplus) on trading operations can be analysed as follows :

2008/09 £000		Notes	2009/10 £000
10,474	Properties Held for Investment	(1)	(1,626)
(134)	Biggin Hill Airport	(2)	(162)
<u>10,340</u>			<u>(1,788)</u>

(1)

Covers the revenue activities relating to the group of fixed assets identified on the Balance Sheet under note 23. These properties include holdings for investment purposes and properties surplus to requirements. All expenses associated with the upkeep, maintenance, lettings, promotion and sales are charged to the account and these costs are offset by rental income.

In 2008/09 the value of the Council's interest in the Glades shopping centre was reduced in the light of the adverse property market and a reduction of £12,250k was included under trading undertakings to reflect an impairment loss. This was reversed out in the Statement of Movement on the General Fund Balance to ensure that there was no charge to the General Fund. A further impairment loss of £500k was reflected in the 2009/10 accounts.

(2)

Biggin Hill Airport was leased to BHA Ltd with effect from April 1994. Under the terms of the lease the Council receives annual rent income, which is offset by support service charges and noise monitoring costs.

15 Interest Payable and Similar Charges

The interest element of amounts payable under finance leases entered into by The Ravensbourne School and taken over by the Council during 2005/06 is included here (£5,000 in 2008/09) The leases were fully repaid in 2008/09, so there was no payment in 2009/10.

16 Payment of Housing Capital Receipts into Government Pool

Since 2004/05, local authorities have been required to pay a proportion of specified housing capital receipts into a government pool for redistribution. The SORP requires amounts paid into the pool to be disclosed in the Income and Expenditure Account after Net Cost of Services. The resulting deficit is made good by an appropriation from Usable Capital Receipts to the Statement of Movement on the General Fund Balance. A total of £33,000 was paid into the pool in 2009/10 (£49,000 in 2008/09).

Notes to the Core Financial Statements

17 Other Income

Where capital receipts have been received that are not clearly attributable to a fixed asset disposal, these have been credited to the Income and Expenditure account as a separate category of 'Other Income' in Net Operating expenditure. They have been posted out to capital receipts in the Statement of Movement on the General Fund Balance. They include deferred capital receipts in respect of Broomleigh Housing Association Right-to-Buy house sales (£290,000 in 2009/10 - see note 34 (e)), and the repayment of a long-term lease obligation by the Ravensbourne School (£1,086,000 in 2009/10 - see note 34 (e)). Also included here, but not reversed in the SMGFB, is a contribution of £200,000 from the schools budget to offset the Minimum Revenue Provision.

18 Income from Former LRB Accounts

A further distribution of balances, resulting from the income from the former LRB accounts (previously GLC assets), was made to London Boroughs in 2009/10. Bromley's share of the revenue distribution was £28,595.

19 Levies by Other Authorities

The Council made the following payments to levying authorities.

2008/09		2009/10
£000		£000
221	Environment Agency	220
404	Lee Valley Park	407
558	London Pensions Fund Authority	655
1,049	London Boroughs Grants Scheme	1,048
<u>2,232</u>		<u>2,330</u>

20 General Government Grants

The Council has received the following Government Grants which are not attributable to specific services.

2008/09		2009/10
£000		£000
(7,723)	Revenue Support Grant	(12,043)
(11,196)	Area Based Grant	(11,780)
(499)	Local Authority Business Growth Incentive Scheme	(427)
(83)	Housing and Planning Delivery Grant	(127)
<u>(19,501)</u>		<u>(24,377)</u>

Notes to the Core Financial Statements

21 <i>Note of Reconciling Items for the Statement of Movement on the General Fund Balance</i>	Notes	2009/10
2008/09 £000		£000
Amounts Included in the Income and Expenditure (I & E) Account but Required by Statute to be Excluded when Determining the Movement on the General Fund Balance for the Year		
(29,844)	Depreciation and Impairment of Fixed Assets (a)	(11,246)
22,116	Government Grants Deferred Amortisation (b)	33,900
(23,175)	Revenue Expenditure Funded from Capital under Statute (c)	(29,510)
(18,860)	Gain / (Loss) on Disposal of Fixed Assets (d)	-
(21,313)	Net Charges made for Retirement Benefits in accordance with FRS17 (e)	(21,938)
492	Other Income (f)	1,376
(70,584)		(27,418)
Amounts not Included in the Income and Expenditure Account but Required to be Included by Statute when Determining the Movement on the General Fund Balance for the Year		
131	Statutory Revenue Provision for Capital Financing (g)	147
3,749	Capital Expenditure Charged in-year to the General Fund Balance (h)	4,095
(49)	Transfer from Usable Capital Receipts to meet Payments to the Housing Capital Receipts Pool (i)	(33)
19,844	Employer's Contributions Payable to the Pension Fund and Retirement Benefits Payable Direct to Pensioners (e)	21,898
23,675		26,107
Transfers to or from the General Fund Balance that are Required to be taken into Account when Determining the Movement on the General Fund Balance for the year		
187	Voluntary Revenue Provision for Capital Financing (g)	53
685	Net Transfer to / (from) Earmarked Reserves (j)	1,213
872		1,266
(46,037)	Net Additional Amount Required to be Debited or Credited to the General Fund Balance for the Year	(45)

Notes to the Core Financial Statements

21 Note of Reconciling Items for the Statement of Movement on the General Fund Balance - continued

(a) Depreciation and Impairment of Fixed Assets

All amounts of depreciation and impairments charged to the Net Cost of Services in the Income & Expenditure Account are reversed out here to ensure that there is no charge to the General Fund. A total of £9,459,000 was charged for depreciation in 2009/10 (£8,394,000 in 2008/09). The methodology for charging depreciation is outlined in the Statement of Accounting Policies. Impairment losses totalling £1,787,000, relating to reductions in fixed asset valuations, were charged in 2009/10 (£21,450,000 in 2008/09). The large reduction was primarily due to downward revaluations of the Council's interest in the Glades Shopping Centre (£12,250,000) and various properties in Crystal Palace Park (£6,930,000) in 2008/09.

(b) Government Grants Deferred Amortisation

Credits for government grants deferred are posted to the Income & Expenditure Account (I & E). Credits allocated to the Net Cost of Services (£28,000 in 2009/10 and £29,000 in 2008/09) represent the release of depreciation on government grants received to services using relevant assets. Government grants of £33,872,000 (£22,087,000 in 2008/09) are also shown in the 2009/10 I & E Account in the relevant service lines within the Net Cost of Services. The entries are reversed out of the Income & Expenditure Account through the Statement of Movement on the General Fund Balance to ensure no impact on the General Fund.

(c) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not add value to Council assets, is chargeable to the relevant service areas in the Income and Expenditure Account. The charge is then reversed out here to ensure that there is no overall impact on the Council's General Fund. In 2009/10 £29,510,000 was charged to the Net Cost of Services compared to £23,175,000 in 2008/09.

(d) Net Gain / (Loss) on Disposal of Fixed Assets

Full details are shown in note 13.

(e) Movement on Pensions Reserve

Full details are shown in note 12.

(f) Other Income

Full details are shown in note 17.

(g) Revenue Provision for Capital Financing

The Council is required by statute to set aside a Prudent Revenue Provision for the repayment of debt. For Bromley this is equivalent to 4% of the Capital Financing Requirement (CFR) at the beginning of the year. The Council's CFR as at 1st April 2009 related to capital expenditure left unfinanced as at 31st March 2009 (£3,666,000). Statutory Revenue Provision: 4% of CFR at 1st April 2009 (£3,666,000) = £147,000. In addition, the Council has set aside a voluntary revenue provision of £53,000, which is also recognised in the Statement of Movement on the General Fund Balance.

(h) Capital Expenditure Charged in-year to the General Fund

A number of capital schemes are partly financed by revenue contributions, which are shown in the Statement of Movement on the General Fund Balance. These contributions total £4,095,000 in 2009/10 (£3,749,000 in 2008/09). Further details of the financing of capital expenditure are included in note 23.

Notes to the Core Financial Statements

21 Note of Reconciling Items for the Statement of Movement on the General Fund Balance - continued

(i) Payment of Housing Capital Receipts into Government Pool

Full details are shown in note 16.

(j) Net Transfer to / (from) Earmarked Revenue Reserves

2008/09 £000		2009/10 £000
(187)	Net contribution to / (from) Adult Education	-
(887)	Net contribution to / (from) LPSA Reward Grant	(398)
(290)	Net contribution to / (from) LAA Pump Priming Grant	(502)
644	Net contribution to / (from) Insurance Fund	(2)
101	Net contribution to / (from) Technology Fund	79
358	Net contribution to / (from) Town Centre Improvement Fund	427
(467)	Net contribution to / (from) Environmental Improvements	-
(91)	Net contribution to / (from) Community & Voluntary Sector Issues	(29)
1,000	Net contribution to / (from) Funding for Residents Priorities	(509)
500	Net contribution to / (from) Reserve for Potential Redundancy Costs	397
-	Net contribution to / (from) General Members Priorities	1,000
-	Net contribution to / (from) Adverse Winter Weather	250
-	Net contribution to / (from) Investment to Community Fund	250
-	Net contribution to / (from) Support to Schools	150
-	Net contribution to / (from) Works to Property	100
4	Net contribution to / (from) Other Reserves	-
685		1,213

22 Other Movements on the Statement of Total Recognised Gains & Losses

2008/09 £000		2009/10 £000
55	Deferred Credits - Sale of Council Houses	-
(48)	Repayment of transferred College Debt	-
7		-

Notes to the Core Financial Statements

23 Fixed Assets

The movements in fixed assets during the year were:

Operational Assets	Land and Buildings £000	Vehicles, Plant, etc. £000	Infra- structure Assets £000	Community Assets £000	Total £000
Cost or Valuation					
At 1st April 2009	781,548	29,492	89,198	2,491	902,729
Additions	-	194	6,333	3	6,530
Disposals	-	(12)	-	-	(12)
Reclassifications	-	-	-	-	-
Revaluations	9,830	2,181	-	-	12,011
At 31st March 2010	<u>791,378</u>	<u>31,855</u>	<u>95,531</u>	<u>2,494</u>	<u>921,258</u>
Depreciation and Impairments					
At 1st April 2009	(31,871)	(29)	(19,220)	(711)	(51,831)
Charge for 2009/10	(9,779)	(47)	(2,528)	(83)	(12,437)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
At 31st March 2010	<u>(41,650)</u>	<u>(76)</u>	<u>(21,748)</u>	<u>(794)</u>	<u>(64,268)</u>
Balance Sheet amount at 31st March 2010	<u>749,728</u>	<u>31,779</u>	<u>73,783</u>	<u>1,700</u>	<u>856,990</u>
Balance Sheet amount at 1st April 2009	<u>749,677</u>	<u>29,463</u>	<u>69,978</u>	<u>1,780</u>	<u>850,898</u>
Nature of Asset Holding					
Owned	<u>749,728</u>	<u>31,779</u>	<u>73,783</u>	<u>1,700</u>	<u>856,990</u>

Notes to the Core Financial Statements

Continuation of Note 23

Non-Operational Assets	Investment Properties £000	Surplus Assets held for Disposal £000	Assets Under Construction £000	Total £000
Cost or Valuation				
At 1st April 2009	63,129	17,811	7,965	88,905
Additions	-	-	5,749	5,749
Disposals	-	(2,629)	-	(2,629)
Reclassifications	(3,618)	3,618	-	-
Revaluations	2,677	1,490	-	4,167
At 31st March 2010	<u>62,188</u>	<u>20,290</u>	<u>13,714</u>	<u>96,192</u>
Depreciation and Impairments				
At 1st April 2009	(12,337)	(258)	-	(12,595)
Charge for 2009/10	(748)	(703)	-	(1,451)
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
At 31st March 2010	<u>(13,085)</u>	<u>(961)</u>	<u>-</u>	<u>(14,046)</u>
Balance Sheet amount at 31st March 2010				
	<u>49,103</u>	<u>19,329</u>	<u>13,714</u>	<u>82,146</u>
Balance Sheet amount at 1st April 2009				
	<u>50,792</u>	<u>17,553</u>	<u>7,965</u>	<u>76,310</u>
Nature of Asset Holding				
Owned	<u>49,103</u>	<u>19,329</u>	<u>13,714</u>	<u>82,146</u>

Notes to the Core Financial Statements

Continuation of Note 23

Fixed Assets owned by the Council include the following:			
	Number as at 31.3.09	Number as at 31.3.10	Range of estimated useful lives (Years)
Operational Buildings			
Civic Centre	1	1	84
Other Offices	5	5	39-52
Primary Schools	56	56	61-98
Special Schools/Units	5	5	71-91
Social Services - Homes & Day Centres	20	20	51-81
Crystal Palace National Sports Centre	1	1	n/a
Leisure Centres/Swimming Pools	6	6	51-91
Libraries	15	15	51-91
Golf Courses	3	3	19-27
Churchill Theatre	1	1	83
Cemeteries	6	6	4-71
Surface Car Parks	24	24	17
Multi-Storey Car Parks	4	4	1-81
Public Conveniences	22	22	62-91
Investment Properties			
Investment Properties	177	172	n/a
Surplus Properties	17	21	n/a
Agricultural Properties	16	16	n/a
Biggin Hill Airport	1	1	n/a
Operational Equipment			
Vehicles	19	20	5-20
Infrastructure Assets			
Road (kilometres)	883.7	884.5	15-40
Community Assets			
Parks and Open Spaces (hectares)	1,261	1,261	n/a

Notes to the Core Financial Statements

Continuation of Note 23

Total capital expenditure and financing are shown below:	2008/09	2009/10
	£000	£000
<i>Total Capital Expenditure</i>	<u>32,179</u>	<u>42,479</u>
<i>Financed by:</i>		
Usable Capital receipts	4,930	3,822
Government Grants & other Contributions	22,797	34,562
Revenue Contributions	<u>3,749</u>	<u>4,095</u>
	<u>31,476</u>	<u>42,479</u>
<i>Explanation of Movement in Year:</i>		
Expenditure left unfinanced	<u>703</u>	<u>-</u>
	<u>703</u>	<u>-</u>

Capital Commitments

As at 31st March 2010, the Council was committed to expenditure on capital projects relating to works, fees, grants and contributions totalling approximately £13 million. Major projects include the following:

	£000
Secondary Investment Strategy	8,821
Children Centres	2,641
Playbuilder - Play Facilities in Parks	707
Biggin Hill Leisure Centre	701
Other Schemes	<u>148</u>
	<u>13,018</u>

Foundation Schools

The School Standards and Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1st April 1999. Fixed assets and long term liabilities remain vested in the Governing Bodies of individual Foundation Schools and, therefore, values and amounts have not been consolidated in the Council's Balance Sheet. In 2008/09, Cator Park Girls School adopted Foundation School status, as a result of which there are now 24 Foundation Schools in Bromley.

Notes to the Core Financial Statements

24 Financial Assets

(a) Investments as at 31st March

2009 £000		2010 £000	2010 £000
	Long Term Investments (1 year and over to maturity)		
	<i>Loans and Receivables</i>		
10	- Government Stock		9
36,500	- Banks		15,000
9,000	- Building Societies		-
<u>45,510</u>			<u>15,009</u>
	Short Term Investments (up to 364 days to maturity)		
	<i>Loans and Receivables</i>		
32,709	- Banks	112,426	
(1,640)	- Impairment adjustment re Icelandic Bank deposit	<u>300</u>	
			112,726
60,131	- Building Societies		15,347
-	- Other		<u>2,512</u>
<u>91,200</u>			<u>130,585</u>
<u>136,710</u>			<u>145,594</u>

In accordance with the requirements of the 2009 SORP, accruals for investment interest income due during 2009/10 but not received as at 31st March 2010 are included with short term investments in the Balance Sheet. The balances as at 31st March 2010 include a total principal sum of £144,119,600 and total accrued interest of £1,174,026. In 2008/09, the carrying value of investments was reduced by £1,640,119 in respect of impairment entries actioned in accordance with CIPFA LAAP Bulletin 82, "Guidance on the impairment of deposits with Icelandic Banks".

An update to the Bulletin was issued in May 2010, as a result of which £299,923 of the 2008/09 impairment was reversed in 2009/10 and this has increased the carrying value of investments. Further details are given in the disclosure note on credit risk (note 42).

(b) Gains / Losses

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follows:

	Financial Liabilities £000	Financial Assets Loans & Receivables £000	Total £000
Interest Expense	-	-	-
Interest Income	-	(4,887)	(4,887)
Net (Gain)/Loss for the year	<u>-</u>	<u>(4,887)</u>	<u>(4,887)</u>

The above analysis is purely for interest paid and received on loans and investments during the year. Interest and investment income is credited gross to the Income and Expenditure Account and debit entries are then posted in respect of interest paid to internally held funds.

Notes to the Core Financial Statements

24 Financial Assets continued

(c) Fair Value of Financial Assets carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining life of the instruments, using the following assumptions:

- (a) The fair values for loans and receivables have been determined by using indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.
- (b) 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:

	31st March 2009		31st March 2010	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments less than 1 year	91,200	91,200	130,585	130,585
Investments greater than 1 year	45,510	48,536	15,009	16,237
Total Investments	136,710	139,736	145,594	146,822

The fair values for both years are greater than the carrying amount because the Council's portfolio of investments at both Balance Sheet dates included a number of fixed rate investments where the interest rate receivable was higher than the rates available for similar investments in the market.

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

2009 £000		2010 £000
	Mortgages	
1,502	Loans to Housing Associations	1,477
119	Loans to Council House Purchasers	84
149	Loans to Private House Purchasers	115
<u>1,770</u>		<u>1,676</u>
	Others	
	Broomleigh Housing Association (Affinity Homes Group) Property Transfer	
693	- Sale of Council Houses *	-
46	- Deferred Interest Earnings	-
1,151	Loans for Miscellaneous Advances	1,034
44	Loans for Transferred Services	39
405	Loans to Schools #	1,170
10	Loans to Private Street Work Frontagers	12
<u>2,349</u>		<u>2,255</u>
<u>4,119</u>		<u>3,931</u>

* Under the Housing Stock Transfer agreement concluded with Broomleigh Housing Association (Affinity Homes Group) in 1992, the Council receives a proportion of the income from the sale of Council Houses and interest every three years. The next receipt is due in 2010/11 and this is shown as a short-term debtor (note 28) as at 31st March 2010.

In 2009/10, the Council set up a long-term debtor to recognise a loan of £1,085,420 repayable by The Ravensbourne School in respect of leases taken over from the school by the Council in 2005/06. The Council's liability in respect of the leases was fully discharged in 2008/09.

Notes to the Core Financial Statements

26 Stocks and Work in Progress at 31st March

2009 £000		2010 £000
	<i>Stocks</i>	
72	Road Salt	15
24	Other	11
<u>96</u>		<u>26</u>
	<i>Works in Progress</i>	
147	Highways	255
43	Building Maintenance	19
<u>190</u>		<u>274</u>
<u>286</u>		<u>300</u>

27 Landfill Allowances Trading Scheme (LATS)

Under this scheme, introduced by the Waste and Emissions Trading Act 2003, the Council is required to hold allowances to match the amount of biodegradable municipal waste it sends to landfill. During 2009/10 Bromley was allocated 76,569 allowances of which it is estimated that 38,169 will be required for landfill usage, leaving a balance of 38,400 unused allowances.

As at 31st March 2010, each allowance has a market value of zero and as such previous valuations have been written out of the balance sheet.

28 Debtors and Payments in Advance at 31st March

2009 Net £000		Gross £000	Bad Debt Provision £000	2010 Net £000
	<i>Debtors</i>			
8,304	Government	8,279	-	8,279
2,182	Local Authorities	2,714	-	2,714
3,383	Council Tax	11,773	9,334	2,439
-	NNDR	2,466	597	1,869
-	Broomleigh Housing Association* (Affinity Homes Group)	1,059	-	1,059
14,118	General Debtors	25,123	9,409	15,714
<u>27,987</u>		<u>51,414</u>	<u>19,340</u>	<u>32,074</u>
4,949	<i>Payments in Advance</i>			4,690
<u>32,936</u>				<u>36,764</u>

*Long Term Debtor - see note 25

Notes to the Core Financial Statements

29 Cash in Hand/Overdrawn

The cash overdrawn figure represents the balance on the Council's cash book and includes the value of cheques yet to be presented. The Council operates an integrated treasury management policy and aims to maintain a net zero balance on its pool of accounts including schools.

Balance at 31.3.09 £000		Balance at 31.3.10 £000
(26,987)	Bank Balance	(28,727)
24,039	Schools Balances	29,813
42	Cash in Hand	32
<u>(2,906)</u>	Cash in Hand / (Overdrawn)	<u>1,118</u>

30 Financial Liabilities

Short Term Borrowing (Temporary Loans)

Balance at 31.3.09 £000		Loans Raised £000	Loans Repaid £000	Balance at 31.3.10 £000
1,574	Pension Fund	502	-	2,076
690	Former LRB Fund	-	6	684
93	Trust Funds	3	-	96
2,300	Temporary Borrowing	-	2,300	-
<u>4,657</u>		<u>505</u>	<u>2,306</u>	<u>2,856</u>

31 Creditors and Receipts in Advance at 31st March

2009 £000		2010 £000
	Creditors	
4,104	Government	4,351
3,183	Local Authorities	3,650
1,111	Council Tax	1,272
255	Council Tax Precepts (GLA)	729
841	NNDR	-
37,939	General creditors	37,614
<u>47,433</u>		<u>47,616</u>
	Receipts in Advance	
7,281	Government	13,470
1	Local Authorities	8
2,083	Council Tax	2,310
13,251	Other	15,739
<u>22,616</u>		<u>31,527</u>
<u>70,049</u>		<u>79,143</u>

Notes to the Core Financial Statements

32 Government Grants Deferred

This account represents the balance of grants paid to the Council by the Government and required to be used to contribute towards capital expenditure on fixed assets. The balance is reduced each year as the value of relevant fixed assets reduces due to wear and tear. Credits for depreciation are posted to the Net Cost of Services and are reversed in the Statement of Movement on the General Fund Balance (£29,000 in 2008/09 and £28,000 in 2009/10). Further details are included in note 21(b).

33 Provisions at 31st March

2009 £000		Contribution Out £000	Contribution In £000	2010 £000
1,384	Unsettled Insurance Claims (a)	1,033	650	1,001
729	Section 117 (b)	68	-	661
220	Housing & Council Tax Benefit (c)	-	452	672
4,300	Provision for Equal Pay (d)	3,964	1,263	1,599
2,156	Other (e)	-	92	2,248
8,789		5,065	2,457	6,181

- (a) This provision represents the estimated potential cost of insurance claims received but not settled by the Council as at 31st March 2010 (276 claims with a total estimate of £1,000,835).
- (b) This provision represents the potential need to reimburse clients, falling under Section 117 of the Mental Health Act, who had previously been charged for residential care. Reimbursements of £68k, including tax on interest, have been made during 2009/10.
- (c) Provision has been made for the potential repayment of housing & council tax benefit subsidy arising from uncertainty relating to government subsidy for overpayments generated from LA errors.
- (d) The Council has made provision for the financial implications arising from one off costs relating to the implementation of Single Status. A sum of £1,599k has been carried forward into 2010/11 to reflect potential outstanding liabilities under the terms of the agreement.
- (e) Represents a number of provisions including NNDR and Council Tax credit balances, Bromley Town hall - dilapidation, Newstead Woods Tennis Court and backdated care costs, with the balance relating to various other minor provisions.

Notes to the Core Financial Statements

34 Detail of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2009 £000	Net Movement in Year £000	Balance 31 March 2010 £000	Purpose of Reserve	Note
Revaluation Reserve	138,537	11,293	149,830	Store of gains on revaluation of fixed assets not yet realised through sales	(a)
Capital Adjustment Account	784,266	703	784,969	Store of capital resources set aside to meet past expenditure	(b)
Pensions Reserve	(140,414)	(99,389)	(239,803)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	(c)
Capital Receipts Reserve	14,032	(796)	13,236	Proceeds of fixed asset sales available to meet future capital investment	(d)
Deferred Capital Receipts	2,517	1,118	3,635	Loans to Housing Associations, etc. Repayment due on deferred terms.	(e)
General Fund (including schools)	62,830	10,303	73,133	Resources available to meet future running costs for non-housing services	(f)
Earmarked Reserves	11,531	1,213	12,744	Resources earmarked to meet specified schemes, projects, etc	(g)
Total	873,299	(75,555)	797,744		

Notes to the Core Financial Statements

34 Detail of Movements on Reserves (cont'd)

(a) Revaluation Reserve

This reserve records unrealised gains resulting from fixed asset revaluations. The reserve, which was a new requirement of the 2007 SORP, was created with a nil balance on 1st April 2007.

	Total £000
Balance brought forward at 1st April 2009	138,537
Gains on revaluation of fixed assets	16,178
Impairment losses written out	(2,642)
Amounts written out on disposal	(2,243)
Balance carried forward at 31st March 2010	<u>149,830</u>

(b) Capital Adjustment Account

This account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system. The account, which was a new requirement of the 2007 SORP, was created on 1st April 2007. The opening balance at that point represented balances transferred from the former Fixed Asset Restatement Account (£717,764,000) and the former Capital Financing Account (£111,547,000).

	Total £000
Balance brought forward at 1st April 2009	784,266
Capital Financing - usable capital receipts	3,822
- revenue contributions	4,095
- grants and contributions	33,900
Fixed Assets - impairments	(1,787)
- amounts written out on disposal	(398)
- depreciation	(9,459)
- revenue expenditure funded from capital under statute	(29,510)
Prudent Revenue Provision for repayment of debt	200
Loans to Schools - principal repaid	(160)
Balance carried forward at 31st March 2010	<u>784,969</u>

(c) Pensions Reserve

The underlying assets and liabilities for retirement benefits attributable to the Council as at 31st March 2010 are as follows:

2008/09 £000		Movement in 2009/10 £000	2009/10 £000
263,021	Fair value of assets (bid value)	137,538	400,559
(403,435)	Present value of scheme liabilities	(236,927)	(640,362)
<u>(140,414)</u>	Net Pension liability as at 31st March	<u>(99,389)</u>	<u>(239,803)</u>

Notes to the Core Financial Statements

34 Detail of Movements on Reserves (cont'd)

(d) Capital Receipts Reserve

This account includes capital receipts available from asset disposals, principal repayments, etc. to finance expenditure on fixed assets.

	Total £000
Balance brought forward at 1 April 2009	14,032
Amounts receivable in 2009/10	3,026
Amounts applied to finance new capital investment	(3,822)
Balance carried forward at 31 March 2010	<u>13,236</u>

(e) Deferred Capital Receipts

These mainly include loans to Housing Associations, etc. and receipts due from Broomleigh Housing association in respect of the sale of Council Houses. This account shows amounts to be paid on deferred terms and the balance is reduced each year by repayments made. Corresponding entries are included in Debtors (notes 25 and 28) and details of individual balances are shown below.

	Total £000
Balance brought forward at 1 April 2009	2,517
Loans advanced in 2009/10	1,376
Loans repaid in 2009/10	(258)
Balance carried forward at 31 March 2010	<u>3,635</u>

2009 £000		2010 £000
119	Sale of Council Houses	84
1,502	Housing Associations	1,477
149	Private House Purchasers	115
10	Private Street Work Frontagers	12
	Broomleigh Housing Association (Affinity Homes Group)	
693	- Sale of Council Houses	983
44	Transferred Services	39
-	Loan to Ravensbourne School *	925
<u>2,517</u>		<u>3,635</u>

* Loan to Ravensbourne School - see note 25

(f) General Fund

Full details are shown on the Statement of Movement on the General Fund Balance on page 20, which shows the split between the amount held by governors under schemes to finance schools and that generally available for future expenditure.

Notes to the Core Financial Statements

34 Detail of Movements on Reserves (cont'd)

(g) Earmarked Reserves as at 31st March

Details of the net increase of £963,000 on Earmarked Reserves is set out below :

2009 £000		Expenditure £000	Contributions £000	2010 £000
3,500	Insurance Fund	650	648	3,498
2,637	LPSA1 Reward Grant Investment Fund	398	-	2,239
502	LAA Pump Priming Grant	502	-	-
1,647	Technology Fund	-	79	1,726
483	Street Services Reinstatement Fund	-	-	483
500	Reserve for Potential Redundancy Costs	951	1,348	897
13	Public Halls Fund	-	-	13
795	Town Centre Improvement Fund	-	427	1,222
200	Ex Glaxo Land Maintenance	6	6	200
162	Building a Better Bromley Initiatives	-	-	162
33	Environmental Improvements	-	-	33
59	Community & Voluntary Sector Issues	29	-	30
1,000	Funding for Residents Priorities	509	-	491
-	- General Members Priorities	-	1,000	1,000
-	- Adverse Winter Weather	-	250	250
-	- Investment to Community Fund	-	250	250
-	- Support to Schools	-	150	150
-	- Works to Property	-	100	100
<u>11,531</u>		<u>3,045</u>	<u>4,258</u>	<u>12,744</u>

Earmarked Reserves have been set up by the Council to meet specific types of expenditure and include:

> Insurance Fund - provides for the self-insurance of all losses up to a maximum in any year of £600,000 for material damage claims and £1,200,000 for Employers and Public Liability claims. External insurers are used to provide for losses in excess of these sums. In 2009/10 internal premiums of £500,000 were charged and interest earnings of £148,252 were received. Claims and other expenditure totalling £650,000 were met from the Fund.

> Local Public Service Agreement (LPSA) Reward Grant - relates to Reward Grant received in 2005/06 and 2006/07 as a result of achievement of performance targets in LPSA1. In 2009/10, £397,600 was spent on further service improvements.

> LAA Pump-Priming Grant - during 2007/08 the Council set aside the pump-priming grant received from Government (£1,052,000) to fund one-off initiatives supporting the Council's priorities. In 2009/10, the balance as at 31st March 2009 (£501,819) was fully spent on further service improvements.

> Technology Fund - exists to provide resources to allow major computer investment within the Borough to help improve the efficiency of departments and provide more comprehensive information systems for Members, officers and the public.

> Street Services Reinstatement Fund - sum received from NTL to provide for street services maintenance and reinstatement arising from indemnified works.

> Reserve for Potential Redundancy Costs - provision set aside to meet potential redundancy implications in future years.

> Public Halls Fund - used for property/access works to facilitate greater participation at charity and community halls.

Notes to the Core Financial Statements

34 *Detail of Movements on Reserves (cont'd)*

(g) *Earmarked Reserves as at 31st March (cont'd)*

Notes on Earmarked Reserves

- Town Centre Improvement Fund - the Council has received a further grant in 2009/10 of £427k through the Local Authority Business Growth Incentive Scheme which has been set aside to provide a contribution to the town centre development fund. A sum of £1,022k is ringfenced to contribute towards the costs associated with the relocation of Orpington Library. The balance of £200k is available for expenditure related to the development and sustainability of town centres.
- Ex Glaxo Land Maintenance - an endowment has been received for future maintenance of land conveyed to the London Borough of Bromley.
- Building a Better Bromley Initiatives - grant received from Local Authority Business Growth Incentive Scheme, set aside for one-off spending initiatives.
- Environmental Improvements / Community & Voluntary Sector Issues/Funding for Residents Priorities - the Council has set aside funding for one off projects across the borough such as dealing with the maintenance of the Borough trees, highways and footpaths.
- General Members Priorities - provision set aside to deal with Member priorities relating to 'environmental initiatives.
- Adverse Winter Weather - funding for remedial measures to deal with the problems created by adverse winter weather.
- Investment to Community Fund - set up in 2009/10 to provide investment to the community and voluntary sector as determined by Members.
- Support to Schools - a new fund established in 2009/10 to ensure sufficient funds are available in 2010/11 to provide support to failing schools.
- Works to Property - a fund set aside to meet potential unrecoverable costs associated with works to a property.

35 *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 2009/10 there are two contingent liabilities to disclose:

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.

There is a potential breach of contract claim from a social care contractor which has not yet led to proceedings being issued. The Council repudiates any liability. It is difficult to give a much fuller assessment unless proceedings are actually issued and the completed particulars of the claim and quantified damages are known. However, it is estimated that the maximum claim could be in the region of £1m.

Notes to the Core Financial Statements

36 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 2009/10 there is one contingent asset to be disclosed:

The Council has been successful in recovering from HM Revenue and Customs separate historic VAT claims for different periods from April 1973 to December 1996. These claims related to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries/audio visual charges. There are further claims being pursued which include claims for compound interest, off street parking and a claim for the period December 1996 to December 2000 in relation to libraries/audio visual charges, special collections of domestic waste and excess charges for off-street parking. It is not certain, at this stage, whether the claims will be successful.

37 Post Balance Sheet Events

This Statement of Accounts for 2009/10 was authorised for issue by the Director of Resources, Paul Dale, on 18th June 2010. The existence of post Balance Sheet Events has been considered up to this date and there are none to disclose.

Notes to the Core Financial Statements

38 Analysis of Government Grants	2008/09	2009/10
	£000	£000
Revenue		
Dedicated Schools Grant	172,412	179,400
Learning Skills Council - Sixth Form Direct Funding	25,989	28,263
Standards Fund Grant	15,930	17,674
Area Based Grant	11,196	11,780
School Standards Grant	8,635	8,866
General Sure Start Grant	5,675	7,031
Supporting People - Services	5,428	5,428
Learning Skills Council - Adult Education & Libraries	2,669	2,536
Council Tax & Housing Benefits Administration	2,245	2,472
Learning Skills Council - Other Education funding	2,115	2,277
Social Care Reform	400	932
Learning Disability Campus Closure	394	873
London Pay Addition	328	683
Diploma Grant	104	398
Home Office - Drug Action Team	190	389
Youth Justice Board	318	386
Other Miscellaneous Grants	2,474	3,183
	<u>256,502</u>	<u>272,571</u>
	2008/09	2009/10
	£000	£000
Capital		
Children's Services - Targeted Capital Fund - Schools	-	8,529 (1)
- Formula Devolved Capital	5,015	6,826
- Building Schools for the Future	1,179	4,683
- Primary Capital Programme	-	3,459 (2)
- Modernisation Fund	-	3,019 (3)
- Children Centres	153	1,942
- Practical Cooking Spaces	-	1,416
- National Grid for Learning	891	877
- Standards and Diversity	500	-
- Early Years Capital	-	695
- Specialist Secondary Schools	-	525
- Extended Schools	449	475
- Aiming High for Disabled Children	-	185
- Youth Capital Fund	135	144
Playbuilder - Play Facilities in Parks	-	528
Other Miscellaneous Grants	755	595
	<u>9,077</u>	<u>33,898</u>

(1) One-off Targeted Capital Fund grant to improve facilities in Secondary Schools

(2) 1st year of two-year grant allocation

(3) 3 year Government funding re: modernisation of schools was brought forward into 2009/10

Notes to the Core Financial Statements

39 The following analysis reconciles the net (surplus)/deficit on the Income & Expenditure Account to the Net Cash Flow on Revenue Activities :

	£000	£000
Net (Surplus) for the year	(10,258)	
Collection Fund (see page 62)	<u>-</u>	(10,258)
Adjustments :		
Depreciation and Impairment of Fixed Assets		(11,246)
Net Charges Made for Retirement Benefits in Accordance with FRS17		(21,938)
Employer's Contributions Payable to the Pension Fund and Retirement Benefits Payable Direct to Pensioners		21,898
Government Grants Deferred Amortisation		33,900
Other Income		1,376
Interest earned, classified elsewhere in cashflow statement		6,441
Movement in Current Assets and Liabilities		
Debtors (net of provisions)		5,630
Stocks and works in progress		14
Creditors		(668)
Movement in other balances		
Provisions		2,608
Long Term Debtors		(160)
Net Cash Flow on Revenue Activities		<u>27,597</u>

40 Reconciliation of items within Management of Liquid Resources and Financing

	Balance 31st March 2009 £000	Movement in Year £000	Balance 31st March 2010 £000
Short Term Investments	91,200	39,385	130,585
Temporary Borrowing	(4,657)	1,801	(2,856)
Other Liquid Resources:			
NNDR (i)	(841)	2,710	1,869
Council Tax (ii)	(255)	(474)	(729)
	<u>(1,096)</u>	<u>2,236</u>	<u>1,140</u>

(i) the difference between cash collected on behalf of Government and the amount paid over to the national pool for National Non-Domestic Rates.

(ii) the difference between Council Tax collected on behalf of the Greater London Authority (GLA) and precepts and other payments made.

41 Reconciliation of movement in Cash to Movement in Net Worth

	Balance 31st March 2010 £000
Increase in Cash	(4,024)
Revaluation Reserve	11,293
Other	(82,824)
Movement in Balance Sheet Net Worth	<u>(75,555)</u>

Notes to the Core Financial Statements

42 Disclosure of the Nature and Extent of Risk Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. With regard to financial assets, these are mainly classified as loans and receivables (see note 24) and most of this note concentrates on the nature and extent of risk arising from these.

- 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;
- Re-investment risk - the possibility that the Council might be requiring 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 rate movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- (i) by formally adopting the requirements of the Code of Practice;
- (ii) by the adoption of a Treasury Policy Statement and treasury management clauses;
- (iii) by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures of the maturity structure of its debt;
 - its maximum annual exposures to investments maturing beyond a year.
- (iv) by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved before the start of the year to which they relate and are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported quarterly to Members.

The annual treasury management strategy for 2009/10, which incorporates the prudential indicators, was approved by Council on 16th February 2009 and is available on the Council website. The key issues within the strategy were:

- Authorised Limit (maximum limit of external borrowing and other long-term liabilities) £60m;
- Operational Boundary (expected maximum level of borrowing and long-term liabilities) £30m.

These policies are implemented by the central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Notes to the Core Financial Statements

42 Disclosure of the Nature and Extent of Risk Arising from Financial Instruments (cont'd)

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 not made with financial institutions unless they meet minimum credit criteria in accordance with the Fitch, Moody's and Standard & Poors credit ratings services. The Strategy also imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment. Other factors, such as sovereign ratings, government support and external advice, are also taken into account.

The following analysis summarises the Authority's potential maximum exposure to credit risk. The table gives details of the global corporate finance average cumulative default rates for the period 1990 to 2009. Default rates are shown by long-term rating category on investments out to 1 year, which was the most common investment period during the year.

	Amount (principal sum) 3/31/2010 £'000 (a)	Historical experience of default % (b)	Estimated maximum exposure to default 3/31/2010 £'000 (a) * (b)
AAA rated counterparties*	-	0.00%	-
AA rated counterparties*	127,500	0.03%	38
A rated counterparties*	5,000	0.08%	4
BBB rated counterparties*	10,000	0.24%	24
Other counterparties*	1,611	42.67%	687
	<u>144,111</u>		<u>753</u>

- * AAA - Highest credit quality, indicating strongest capacity for payment
- AA - Very high credit quality, indicating very strong capacity for payment
- A - High credit quality, indicating strong capacity for payment
- BBB - Good credit quality, indicating adequate capacity for payment
- Other - Heritable Bank (see note below)

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. No credit limits were exceeded during 2009/10 and the Council expects full repayment on the due date of all deposits with the exception of one placed in 2007/08 with Heritable Bank, a UK subsidiary of the Icelandic bank, Landsbanki.

Icelandic Bank deposit

In October 2008, the Icelandic banking sector defaulted on its obligations. The Council had £5m invested in this sector at that time, this having been placed with Heritable Bank for 2 years on 28th June 2007. Heritable Bank was placed in administration on 7th October 2008 and administrators, Ernst & Young, were appointed.

In the 2008/09 accounts, in line with Cipfa Guidance, an impairment loss of £1,640k was recognised, based on the administrators' estimate at that time of a recovery of 80%. The impairment was calculated by discounting the assumed cash flows at the effective interest rate of the original deposit in order to recognise the anticipated loss of interest to the Council until monies are recovered. The impairment was recognised in the Income & Expenditure Account and in the carrying amount of the investment on the Balance Sheet.

During 2009/10, the administrators paid 3 dividends totalling £1,779k, which represented 35% of the Council's claim of £5,087k and further dividends are due to be paid in future years. The latest estimate from the administrators is for a recovery of between 79% and 85% and, in accordance with further guidance from Cipfa, a part-reversal of the original impairment has been recognised in the 2009/10 accounts (£300k - based on a prudent recovery estimate of 82%).

Notes to the Core Financial Statements

42 Disclosure of the Nature and Extent of Risk Arising from Financial Instruments (cont'd)

The Council does not generally allow credit for its trade debtors, requiring immediate payment of invoices raised. Outstanding debt can be analysed by age as follows:

	31/03/2009	31/03/2010
	£'000	£'000
Less than three months	5,857	4,866
Three to six months	1,140	1,421
Six months to one year	853	997
More than one year	981	696
	<u>8,831</u>	<u>7,980</u>

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

In the event of an unexpected cash requirement, the Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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 prudential 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 provides stability of maturities and returns in relation to the longer term cash flow needs.

The Council has no long-term borrowing. The maturity analysis of investments is as follows:

Principal Sum Invested at 31/03/09 £000		Principal Sum Invested at 31/03/10 £000
89,500	Less than one year	129,111
30,500	Between one and two years	15,000
10,000	Between two and three years	-
5,000	More than three years	-
<u>135,000</u>		<u>144,111</u>

Notes to the Core Financial Statements

42 *Disclosure of the Nature and Extent of Risk Arising from Financial Instruments (cont'd)*

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its investments.

Movements in interest rates have a complex impact on the Council, 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 Income and Expenditure Account will rise;
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

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 will monitor 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.

During 2009/10, all of the Council's investments were placed at fixed interest rates, so there was no exposure to movements in variable interest rates.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

THE COLLECTION FUND

This account reflects the statutory requirements for the London Borough of Bromley, as the billing authority, to maintain a separate Collection Fund, which shows the transactions in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Authority.

	Notes	2008/09 £000	2009/10 £000
Income			
Amounts receivable from Council Tax payers	(1)	153,145	155,306
Transfer from the General Fund for Council Tax benefit		16,677	18,431
Income collectable from Business Rate payers	(2)	77,959	79,715
		247,781	253,452
Expenditure			
Precepts / Demands			
- London Borough of Bromley		126,267	129,715
- Greater London Authority		41,036	41,045
Business Rates	(2)		
- Payments to National Pool		77,601	79,352
- Cost of Collection		358	363
Bad and Doubtful Debts / Appeals			
- Write offs		1,004	775
- Increase / (decrease) in bad debt provision		1,515	2,202
		247,781	253,452
Net Movement on Fund Balance		-	-
		£000	£000
Fund Balance			
Balance at 1st April		-	-
Net movement for year		-	-
Balance at 31st March - deficit / (surplus)		-	-

THE COLLECTION FUND

Notes to the Accounts

1 Council Tax Base

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

Band	Number of Properties	Multiplier	Band D Equivalent Dwellings
A	1,355	6/9	903
B	7,384	7/9	5,743
C	22,824	8/9	20,288
D	30,729	9/9	30,729
E	25,984	11/9	31,758
F	16,090	13/9	23,241
G	12,424	15/9	20,707
H	1,081	18/9	2,162
			<hr/>
			135,531
	Allowance for MOD properties, changes in exemptions, discounts and number of properties		<hr/>
			(347)
			<hr/>
			135,184
	Estimated Collection Rate		<hr/>
			98.00%
			<hr/>
	Council Tax Base 2009/10		<hr/>
			132,480

2 Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other reductions, is paid to a central pool, (the NNDR Pool) managed by Central Government, who in turn pay back to Authorities their share of the pool based on a standard amount per head of resident population.

The total non-domestic rateable value at 31st December 2008 was assessed by the Government's District Valuer as £194,856,297. The national non-domestic multiplier for the year was 48.5p. The income collectable for the year of £79.7m is net of revaluations, allowance for empty properties, provision for non collection, transitional and mandatory relief's as well as the part year effect of properties falling out / brought into rating during the year.

TRUST FUNDS

Introduction

The Council acts as trustee for the Trust Funds shown in the table below.

The funds are held by the Council largely to finance various prizes and grants for pupils and students. The Executive on 3 February 2010 approved the transfer of these funds to Capital Community Foundation for similar purposes. The transfer of the balances was completed in April 2010.

The Trust Funds are not consolidated within the Council's main financial statements shown in the previous pages. Brief details on each of the Trusts are also shown below.

Trust Funds as at 31st March 2010

Notes	31st March 2009 £'000	Receipts in Year £'000	Payments in Year £'000	31st March 2010 £'000
Registered with the Charity Commission				
1 Douglas Feltham Scholarship	10	1		11
2 Sutton Foundation	68	2		70
3 Lindley Jones Trust Fund	5			5
Other Trust Funds				
4 Sayers Foundation	3			3
5 Marian Vian Prize Fund	3			3
6 Dr Appleby Memorial Prize	2			2
7 FW Robinson Service Prize	1			1
8 Other Trust Funds valued under £1,000	1			1
Total	93	3	-	96

Notes

- 1 Established in 1961 to provide an education scholarship to a boy resident in the Parish of Chislehurst
- 2 Established in 1913 to assist children to pursue secondary or further education in the former Urban District of Beckenham
- 3 Established in 1920 to encourage and stimulate pupils in the Borough of Bromley to take an interest in their school work
- 4 Established in 1881 for the promotion of secular education
- 5 Established in 1978 to award a prize for special contributions to Marian Vian School
- 6 Established in 1956 to provide awards to pupils on the roll of schools in the Chislehurst, Orpington or Sidcup areas
- 7 Established in 1964 to award a prize for outstanding service to Penge Secondary School for Boys
- 8 There are four other Trust Funds where the current value is less than £1,000 so are included as one line in the table above:
 - (i) CA Elgood Service Prize which was established in 1938 to award a prize to a girl attending the Beckenham County Girls School who has rendered service of outstanding value to the school
 - (ii) Lady Hislop Prize Fund which was established in 1929 to award prizes to the boys of the Hawes Down County Secondary School who have shown most eminently qualities of determination and tenacity of purpose
 - (iii) C Dallaway & E Elson Memorial Prize which was established in 1962 to award prizes for domestic science and literature to pupils at Rock Hills School
 - (iv) The Claire Vian Prize Fund was established in 1961 to award a prize to a girl who has attended Marian Vian School for four years, has not been academically outstanding but who has faithfully and quietly followed the tenets of Miss Marian Vian - truth, duty and service.

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 31 March each year.

Movement for year ending 31st March 2010

	Fund 1	Fund 2	TOTAL
	£000	£000	£000
Balance as at 1st April 2009	(331)	(359)	(690)
Movement in year on ex LRB functions:			
Income	(2)	(635)	(637)
Interest earnings on Fund balance	(10)	(22)	(32)
Expenditure	19	19	38
Distribution (note 1)	2	635	637
Balance as at 31st March 2010	<u>(322)</u>	<u>(362)</u>	<u>(684)</u>

Balance Sheet as at 31st March 2010

2009		2010
£000		£000
	<i>Assets</i>	
-	Debtors	-
-	Less provision for bad debts	-
<u>690</u>	Cash	<u>684</u>
<u>690</u>		<u>684</u>
	<i>Liabilities</i>	
331	Fund 1	322
359	Fund 2	362
-	Creditors	-
<u>690</u>		<u>684</u>

Notes to accounts

1) *2009/10 Distribution*

In 2009/10 revenue receipts of £637,467 were received and distributed to London Boroughs on 31 March 2010.

2) *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 Council Tax Base.

PENSION FUND

2008/09		PENSION FUND ACCOUNT		Note	2009/10	
£000	£000				£000	£000
		Dealings with members and employers				
		Contributions and similar payments				
5,850		Contributions - from members		9	6,152	
13,045		- from employers - normal		9	14,728	
8,000		- deficit funding		9	8,300	
3,174		Transfers in			4,457	
	30,069					33,637
		Benefits				
(16,848)		Pensions			(18,350)	
(4,409)		Lump sum benefits - retirement			(5,530)	
(389)		- death			(328)	
	(21,646)					(24,208)
		Payments to and on account of leavers				
(11)		Refunds of contributions			(12)	
(1,473)		Transfers out			(4,223)	
	(1,484)					(4,235)
	(788)	Administrative expenses				
				2		(763)
	6,151	Net addition from dealings with Fund members				
						4,431
		Returns on investments				
7,818		Investment income		11	7,141	
		Change in market value				
2,724		- realised investment gains/(losses)			(1,137)	
(77,741)		- unrealised investment gains/(losses)			140,393	
(1,478)		Investment management expenses		2	(2,185)	
	(68,677)	Net return on investments				144,212
	(62,526)	Net Fund increase/(decrease) during year				
	361,679	Opening net assets				299,153
	299,153	Closing net assets				
						447,796
31st March 2009		NET ASSETS STATEMENT			31st March 2010	
£000	£000				£000	£000
		Investment assets				
74,029		Equities - UK			111,971	
75,075		- overseas			118,585	
	149,104					230,556
	144,067	Pooled investment vehicles				211,646
	4,350	Cash deposits held by investment managers				4,148
331		Other investment balances - sales			-	
(437)		- purchases			(75)	
	(106)					(75)
	297,415			4		446,275
		Current assets and liabilities				
984		Current assets - sundry debtors		3	901	
(820)		Current liabilities - sundry creditors		3	(1,456)	
	164					(555)
	1,574	Internal cash temporarily invested				
						2,076
	299,153	Closing net assets				
						447,796

The fund's financial statements include all assets and liabilities of the fund as at 31st March 2010, but do not take account of liabilities to pay pensions and other benefits after the period end.

PENSION FUND

Notes to the Accounts

1 General

These accounts comply with the recommendations of the CIPFA Code of Practice and have been prepared in accordance with the provisions of Chapter 2, Recommended Accounting Practice, of the Pensions SORP 2007. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007 for the purpose of providing pension benefits for its employees. In addition to the provision of retirement pensions, the benefits include lump sum retirement grants and widows' pensions. A Statement of Investment Principles was approved by the Investment Sub-Committee on 12th May 2009 and is published on the Council's website.

2 Administrative Expenses

Pension fund administrative expenses incurred by the Council and investment expenses, including fees paid to advisers, are charged to the fund as provided by the Local Government Pension Scheme Regulations 2007. A breakdown of administrative expenses is shown below.

	2008/09	2009/10
	£000	£000
Bank charges	14	16
Advice & other costs	58	62
Internal recharges	716	685
	<u>788</u>	<u>763</u>
Management fees	1,478	2,185

The total management fee has increased significantly in 2009/10 because a performance-related fee is payable to one of the fund managers (Fidelity) and, in the 3 years to 2009/10, they exceeded their rolling 3-year performance target by 4.56% (2.00% in the 3 years to 31/3/09). As a result, an additional fee of £1,324,997 was payable in 2009/10 (£717,604 in 2008/09).

3 Current Assets and Current Liabilities

Debtors and Creditors are raised for all income and expenditure outstanding at 31st March 2010, with the exception of transfers receivable and payable, which are accounted for on a cash basis. Significant items are shown below.

	2008/09	2009/10
	£000	£000
<u>Debtors (current assets)</u>		
Contributions due from employers	391	260
Investment income	586	641
Other	7	-
	<u>984</u>	<u>901</u>
<u>Creditors (current liabilities)</u>		
Fund management fees	804	1,447
Pension advice fees	11	6
Other	5	3
	<u>820</u>	<u>1,456</u>

See Note 2 above for explanation of large increase in fund management fees in 2009/10.

4 Market Value of Investments

All investments are managed by external fund managers and all stocks as at 31st March 2010 are valued at current bid price at the close of business on the last working day of the financial year. The table below analyses movements in asset market values between the start and end of the year.

	Bid Price	Purchases	Sales	Change in	Bid Price
	3/31/2009			Bid Price	3/31/2010
	£000	£000	£000	£000	£000
Fidelity	142,996	49,352	(47,757)	66,267	210,858
Baillie Gifford	154,419	41,950	(35,078)	74,126	235,417
Total	<u>297,415</u>	<u>91,302</u>	<u>(82,835)</u>	<u>140,393</u>	<u>446,275</u>

PENSION FUND

Notes to the Accounts

4 Market Value of Investments (cont)

Stock market values have fallen since 31st March 2010 and the total bid price market value of investments held by the fund managers had fallen to £425,208,000 as at 31st May 2010.

5 The Actuarial Position of the Fund

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme Regulations 2007. The Fund's Actuaries, Barnett Waddingham LLP, carried out a full valuation of the Fund at 31st March 2007, when its solvency level was calculated at 81%, an increase of 15% over the 2004 valuation. The 2007 actuarial valuation set the level of employer contributions required to attain 100% solvency within 12 years. The employer rates for the years ended 31st March 2009, 2010 and 2011 were set by the 2007 actuarial valuation at an average of 14.7% of pay. The 2007 valuation also specified that additional lump sum past-deficit contributions of £8m, £8.3m and £8.6m should be made in the three years. The next full valuation of the Fund (as at 31st March 2010) will take place later in 2010 and will set employer rates and additional contributions for the years ending 31st March 2012, 2013 and 2014. The following economic assumptions were employed in the 2007 valuation:

Increases in earnings	4.9% p.a.	Investment return-equities	7.6% p.a.
General Inflation	3.4% p.a.	- Gilts	4.7% p.a.
Increases in pensions	3.4% p.a.	- Bonds	5.4% p.a.
		- Discount rate	6.9% p.a.

6 Membership as at 31 March

	2009	2010
Employees	5,179	5,360
Pensioners	4,270	4,413
Deferred Pensioners	3,415	3,607

7 Monitoring of Fund Liabilities

Under the Regulations, Bromley is required, as the Fund's administering Authority, to monitor factors which might lead to an increase in the liabilities of any body in the fund in excess of the actuary's assumptions. In 2009/10 the total cost of early retirement on grounds of ill-health (£45,000) was well below the actuary's assumption (£800,000), which will have a positive impact on the next valuation as at 31st March 2010.

8 Non London Borough of Bromley Contributors

During 2009/10, 27 scheduled and 3 admitted bodies (ie outside organisations) were permitted under the regulations to contribute to the Pension Fund. A total of 24 of the scheduled bodies were foundation schools, which returned to Local Authority financial control in 1999/00. In 2009/10, the scheduled and admitted bodies contributed a total of £4.812m (£3.424m from employers and £1.388m from employees). The bodies are listed below :

Scheduled Bodies - Foundation Schools

Beaverwood School
Bishop Justus School
Bullers Wood School
Charles Darwin School
Coopers School
Crofton Junior School
Darrick Wood School
Hayes Primary School
Hayes School
Highfield Infants School
Highfield Junior School
Holy Innocents Primary School

Kelsey Park School
Kemnal Technology College
Langley Park Boys School
Langley Park Girls School
Newstead Wood School
Raglan School
Ravenswood School
St Mary's RC Primary School
St Olave's School
The Glebe Special School
The Priory School
The Ravensbourne School

Scheduled Bodies - Other

Bromley College
Orpington College
Ravensbourne College

Admitted Bodies

Beckenham and District Mind
Bromley Mytime
Broomleigh Housing Association

PENSION FUND

Notes to the Accounts

9 Employer and Employee Contributions

The totals of employer and employee contributions in 2008/09 and 2009/10 are shown in the following table:

	2008/09 £000	2009/10 £000
Employer Contributions		
L.B. Bromley part of Fund		
L.B.Bromley - normal	9,769	11,304
- deficit funding	8,000	8,300
Foundation Schools	1,725	1,862
	<u>19,494</u>	<u>21,466</u>
Other		
Scheduled bodies - other	1,128	1,142
Admitted bodies	423	420
	<u>21,045</u>	<u>23,028</u>
Employee Contributions		
L.B. Bromley part of Fund		
L.B.Bromley - normal	4,521	4,764
Foundation Schools	732	792
	<u>5,253</u>	<u>5,556</u>
Other		
Scheduled bodies - other	454	454
Admitted bodies	143	142
	<u>5,850</u>	<u>6,152</u>

10 Additional Voluntary Contributions (AVCs)

In accordance with Regulation 5 (2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831), AVCs are not included in the Pension Fund accounts. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and are invested separately on behalf of those members who elect to make AVCs. Members of the AVC scheme received an annual statement to 31st March 2010 confirming the amounts held in their accounts and the movements in the year. In 2009/10, a total of £35,144 was paid by members (£50,477 in 2008/09) and the total value of AVC benefits as at 31st March 2010 was £1,467,454 (£1,391,864 as at 31st March 2009).

11 Investment income

A breakdown of investment income is shown below.

	2008/09 £000	2009/10 £000
Dividends from equities	7,379	7,088
Interest on securities	285	12
Internal interest on cash	154	41
	<u>7,818</u>	<u>7,141</u>

12 Major investment holdings

The SORP requires the Council to disclose Pension Fund investments valued at over 5% of the total investment portfolio as at the end of the financial year. Details are shown below.

Baillie Gifford - none
Fidelity - Institutional UK Aggregate Bond Fund (value £37,645,558 - 8.44%)
- Institutional Europe Fund (value £25,341,584 - 5.68%)
- Institutional Exempt America Fund (value £24,234,408 - 5.43%)
- Institutional Global Focus Fund (value £25,367,711 - 5.68%)

13 Value Added Tax

VAT is reimbursed to the fund by HM Customs and Excise and the accounts exclude VAT.

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Scope of Responsibility

Bromley Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bromley also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bromley is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Bromley has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bromley.gov or can be obtained from Legal, Democratic and Customer Services, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The key elements of the systems and processes that comprise Bromley's governance arrangements are set out in the following sections:

1) Identifying and communicating Bromley's vision of its purpose and intended outcomes for citizens and service users:

Our purpose is to enhance quality of life in the Borough. Our vision for Bromley is that it remains the place where people choose to live and do business. We want to be seen as excellent in the eyes of local people.

'Building a Better Bromley - 2020 Vision' is our shared partnership long-term 'sustainable community strategy' for improving quality of life in the Borough. This is a comprehensive 10-year strategy to improve the economic, social and environmental well-being and health of people who live and work in

ANNUAL GOVERNANCE STATEMENT

the Borough. The plan sets the direction and policies which other plans should help to deliver and has been agreed by the Council and the Bromley Local Strategic Partnership in consultation with other stakeholders having an interest in effective public services in the Borough.

The future for Bromley is described in eight vision statements which cover:

- Children and Young People – ‘all children and young people achieve their potential’
- Housing – ‘housing of highest quality, meeting local needs’
- Safer Communities – ‘seen as one of London’s safest boroughs’
- Prosperous and Thriving – ‘one of the most prosperous, thriving and skilled boroughs in London’
- Quality Environment – ‘remains the ‘cleanest and greenest’ environment in London’
- Independence and Health – ‘everyone leads active, healthy and independent lives’
- Involving Communities and Citizens – ‘all communities and citizens actively involved and enabled to take greater control’
- Quality Public Service – ‘local public services of the very best quality, working seamlessly in partnership’

The strategy is used as a basis for corporate and service planning and integrated with the Local Area Agreement 2008-11, a 3 year multi-agency delivery plan for the Borough’s priorities. The Local Area Agreement (LAA) enables the Council and its partners to achieve reward monies from central Government subject to achieving agreed local and national outcomes.

Short term priorities are detailed in ‘Building a Better Bromley 2008-10’ which highlights the key actions that form a focus for the Council's Executive. A summary of the Council's delivery against our priorities for 2008-09 was published in the local free News Shopper in June 2009.

2) Reviewing Bromley’s vision and its implications for the authority’s governance arrangements:

In July 2004 the London Borough of Bromley announced its priorities for the future, the key aims are:

- Safer communities
- A quality environment
- Vibrant, thriving town centres
- Supporting independence
- Ensuring all children and young people have opportunities to achieve their potential
- An excellent council

This statement reflects the messages obtained from public feedback, and has been refined through annual consultation events. At the same time, the outcomes within Bromley’s long-term strategy have also been revised to ensure a greater alignment with each of the partners’ and the public’s priorities.

To ensure that Bromley is best placed to deliver on Building a Better Bromley through to 2011, alongside new Financial and Human Resources strategies, a significant work programme has been undertaken to develop a ‘Fit for Purpose’ organisation, aligning our Member and departmental structures with our priorities.

As part of ‘Fit for Purpose’ 8 foundation strategy reviews were commissioned by the Chief Executive in 2008 to review how each of the corporate strategies are effectively taking our organisation forward and delivering on our corporate objectives in Building a Better Bromley. The review programme was designed to evaluate and determine how each strategy could be strengthened to achieve national standards and support Bromley’s local priorities to deliver improved outcomes over the next 3 to 5 years. The

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foundation strategies cover: Finance, Customer Focus, Information, Communication and Technology (ICT), Performance Management, Communications, Human Resources, Property and Procurement.

The strategies have been reviewed and revised during the year to ensure they are less standalone and more corporate given their reliance on each other and in particular on the finance and ICT support needed. All the strategies now refer to the 'Corporate Operating Principles' which act as an operational model for our organisation, describing how we will meet the challenge and deliver on our strategic objectives. The challenge is to use our limited resources as effectively as possible, reducing bureaucracy to free up staff to do their jobs to the best of their abilities while empowering our residents. Our 'Corporate Operating Principles' are a key part of the modernisation strategy being put together by senior managers and staff across the organisation as part of our 'Improvement, Efficiency and Effectiveness' agenda.

Equality is integral to all these strategies and is overarching 'does our strategy ensure that all our customers and staff are treated fairly whatever their age, race, gender, sexuality or abilities'. The Council uses equality impact assessment techniques to review and ensure that policies and service delivery are both fair and equitable.

3) Measuring the quality of service for users, for ensuring they are delivered in accordance with Bromley's objectives and for ensuring that they represent the best use of reserves:

We measure our success through a balanced scorecard of:

- Resident perceptions - 'excellent in the eyes of local people'
- Measurable improvements in efficiency, value for money and 'use of resources'
- Local Building a Better Bromley indicators and the Local Area Agreement
- Benchmarks with other comparable councils and in independent assessments
- Extent of delivery of key programmes on time and to budget
- Successful identification and management of key risks to achieving our Building a Better Bromley priorities

The Executive receives a quarterly performance monitoring report 'Are we on track?' which provides Members with an overview of Bromley's council-wide performance. The focus is on the Building a Better Bromley priorities, Member objectives and LAA targets. The report also highlights specific areas of good performance and identifies areas of concern.

4) Defining and documenting the roles and responsibilities of executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. The Constitution Improvement Working Group, which was established in 2008, previously examined the role of the full Council meeting and suggested ways to make it more relevant to the interests and concerns of our residents. In their second report, published in January 2009, they recommended reforms to the Portfolio Holder meeting process and as a result the need for more than 40 meetings was eliminated during the year by improving the pre-scrutiny arrangements in the Policy Development and Scrutiny committee meetings.

In their third report 'Proposals for Reform of Leadership, Executive and other functions', published in October 2009, the Working Group made a number of proposals to ensure that the Council's Constitution met the requirements of the Local Government and Public Involvement in Health Act 2007. The Act required all councils to choose from one of two models for its executive arrangements by the end of 2009

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for implementation after the elections in May 2010; either a directly elected mayor and cabinet or a 'new' leader and cabinet. Following a public consultation the Council held a special meeting in December 2009 and formally adopted the 'new' leader and cabinet model, also known as the 'strong leader' model.

Under this system:

- The Council elects a leader for a four year term from amongst the sixty elected councillors, although there is a provision for the full Council to remove the leader during that time.
- The leader appoints the cabinet (or executive), and decides portfolio holder arrangements and responsibilities and any delegation of executive functions.
- The leader is still elected to represent their ward, and so will need to balance this with their wider leadership role.
- The leader must appoint a deputy who will hold office until the end of the leader's term (although the deputy can be removed and replaced mid-term by the leader). This deputy would take up the role of the leader if the leader is unable to act or the office becomes vacant.

Bromley Council is bound by the government's 'Code of Practice on Publicity' in all its dealings including news releases, leaflets, web pages, exhibition material, events, presentations etc. A Communications Working Group was established by the Executive and Resources Policy Development and Scrutiny Committee in May 2009 to ensure that Bromley Council's communications are using all the channels available in the most effective and efficient ways to reach our diverse audiences.

The review included an assessment of what communications the Council needed to undertake to fulfil its statutory obligations, business requirements, and local residents' requirements; and to review this against current provision to recommend the best ways to undertake the tasks required in an effective and cost-effective way. The Working Group's report 'Receiving you loud and clear' - improving our communications to and from residents, issued in February 2010, included a recommendation that the Council's current media protocols be reviewed. The report is currently under discussion.

5) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff:

Bromley has adopted a number of codes and protocols that govern both Member and officer activities which are communicated as part of the induction process and made available via the intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality. This year reflected the increasing emphasis placed on ethical governance issues by key decision makers in Bromley. The Standards Committee had discussions with the Leader of the Council, the Leader of the Liberal Democratic Group and the Chief Executive. In addition the Committee heard from senior officers on the role of Internal Audit, partnership working (including the voluntary sector), planning and development control, and the work of Human Resources including its promotion of anti-bullying measures.

In their annual report the Standards Committee commented that "The Committee has been encouraged to see the personal interest, lead and commitment demonstrated by senior figures on ethical issues, and will be interested in following up how they promote and develop the ethical governance agenda further with their colleagues at all levels."

Bromley was shortlisted for the Standards and Ethics category at the Local Government Chronicle Awards 2010 in recognition of our commitment to communicating standards.

At the request of the Standards Committee information on the Code of Conduct has been included in nomination packs for prospective candidates in the May 2010 local elections and in briefings for candidates and agents. The Standards Committee will also be taking an active role in new councillor

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induction following the election to ensure that, once elected, they are aware of the role the Standards Committee plays in working with them to reinforce positive behaviour at all levels across the Council.

6) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:

The Director of Legal, Democratic and Customer Services (and Monitoring Officer) reviews and updates the constitutional framework including standing orders and the scheme of delegation on a regular basis.

The Scheme of Delegation to Officers sets out formal delegation of various powers to the Council's Chief Officers and their staff, and is normally updated for approval at the Council's annual meeting each year. The General Purposes and Licensing Committee instigated a full review of the Scheme this year to ensure that this meets the requirements of the Local Government and Public Involvement in Health Act 2007, principally by clarifying whether powers are delegated by the Council, by the Leader in the case of executive powers, or both. The amended Scheme is subject to approval by full Council on 19 May 2010.

The Director of Resources (and Section 151 Officer) likewise reviews and updates financial regulations, contract procedure rules and the scheme of delegation (so far as it relates to financial matters), which are incorporated into the Constitution.

Financial Regulations are one of a set of management documents which collectively control and co-ordinate the financial affairs of the Council. Following a consultation process revised Financial Regulations for Schools and Colleges were approved by full council on 29 March 2010 with effect from April 2010.

The Council's Risk Management Strategy is kept under review to reflect current procedures, guidance issued by CIPFA and best practice. This is overseen by the Risk Management Group, chaired by the Assistant Director Audit and Technical, with representation at a senior level from each department, reporting to Audit Sub-Committee. Each departmental representative acts as risk champion for their area to disseminate risk management information and facilitate the identification and assessment of risks.

7) Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Statement sets out five principles that define the core activities and behaviours that belong to the role of the Chief Financial Officer (CFO) in public service organisations and the governance requirements needed to support them.

The CFO in a public service organisation:

1. is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.
2. must be actively involved in, and able to bring influence to bear on, all material decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.
3. must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

4. must lead and direct a finance function that is resourced to be fit for purpose
5. must be professionally qualified and suitably experienced.

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We confirm that Bromley's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010). The Director of Resources has the role of Chief Financial Officer.

8) Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees - Practical Guidance for Local Authorities*:

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit and probity specifically including; financial regulations, fraud prevention, internal and external audit reports (in particular audit plans and monitoring audit delivery) and risk management.

It is a sub-committee of the General Purposes and Licensing Committee.

9) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

The Director of Legal, Democratic and Customer Services (and Monitoring Officer) is responsible for ensuring the lawfulness and fairness of Council decision making, compliance with codes and protocols, and promoting good governance and high ethical standards.

The Director of Resources (and Section 151 Officer) is responsible for the proper administration of the Council's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud.

Corporate leadership is provided by Chief Officers' Executive, led by the Chief Executive (and Head of Paid Service) who is responsible and accountable to the Council for all aspects of corporate and operational management.

Internal Audit is responsible for conducting audits, using a risk based approach, to highlight any weaknesses throughout the Council.

10) Whistle-blowing and for receiving and investigating complaints from the public:

Bromley is committed to the highest possible standards of openness, probity and accountability. The Council's confidential reporting code 'Raising Concerns' sets out how employees and contractors working for the Council on council premises can report their major concerns about any aspect of the Council's work including concerns about Members of the Council. This is designed to enable people to raise concerns without fear of victimisation, subsequent discrimination or disadvantage. The code is widely publicised via posters, internal newsletters, the intranet and on the Council's website. The Director of Legal, Democratic and Customer Services has overall responsibility for maintenance and operation of the code and provides an annual report to the Standards Committee.

In the last year three issues have been reported under the scheme, and the concerns have been dealt with appropriately.

Arrangements are in place for receiving and investigating complaints from the public under the Council's 'Getting it Right' procedures - how to complain, make a suggestion or pay a compliment about a council service. There are separate procedures in place for complaints about social care and housing and complaints about schools. Leaflets and forms are available from enquiry points and libraries. Information is also available on the Council's website. The Chief Executive and Director of Legal, Democratic and Customer Services monitor how complaints are handled within departments. Bromley produces an annual report on 'Getting it Right' together with details of complaints referred to the Local Government Ombudsman.

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From May 2008 all complaints about Bromley councillors have been considered by the Standards Committee in the first instance rather than at national level. The Committee has established structures and procedures for local filtering and hearing of complaints. They monitor the conduct of councillors against their compliance with the Code of Conduct, and any complaints received against them. Over the year, two formal complaints were received, relating to two specific incidents. These were filtered by Initial Assessment Sub-Committees of the Standards Committee. In both cases the Initial Assessment Sub-Committee decided to take no further action.

We also await the outcome of one case which was referred for further detailed investigation by the Standards Board in December 2008 and which has been passed on to the Adjudication Panel (now the First-Tier Tribunal (Local Government Standards, England)) for determination. In all cases we have achieved and published our decision well within the 20 day national target timescale.

In their annual report the Standards Committee commented that “we have received relatively few complaints that have required local filtering; we believe that this is a positive situation, and we do not wish to have to exercise this power more than we need to. As such, we look to our councillors to maintain their excellent record of responsible behaviour.”

11) Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training:

There is a corporate induction process for Members and officers joining the Council.

Following the May 2010 elections a full programme of induction events has been organised for new councillors. In addition specific training for Members targets areas where local authorities are subject to most challenge. This is supported by a dedicated Member Development site on the intranet.

Officer training needs are identified as part of the annual Performance and Appraisal Development Scheme and there is a comprehensive training programme for all staff. In parallel a ‘Managers’ Toolkit’ site has been developed on the intranet to provide a depository of policies, procedures, guidance and tools to enable all managers across the Council to work more effectively and efficiently.

The Chief Officer Executive has agreed four training and development priorities for the organisation to enable us to achieve our priorities and deliver an even Better Bromley. The priorities are Effective People Management, Strategy and Service Improvement, Personal Effectiveness and Customer Focus.

Every organisation must create its own values and use them to inform and influence other organisational drivers. Bromley has adopted REAL leadership values as the basis for leadership development training for all staff and managers. This is being embedded in our recruitment, performance appraisal and reward and recognition processes. The REAL leadership values are focused around:

Respect, Empower, Ambition, Learn

To support this four generic competencies have been developed to help embed behaviour values. The competences are about the key behaviours that combine with the professional and technical competences to get the job done; Communication, Building Relationships, Continuous Improvement, Responsibility and Accountability.

12) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:

A detailed survey was carried out by Facts International during the year on the various aspects of two

way communication (access into the Council and communications out) between residents and the Council. The top three most frequently used sources of information about the Council are free local newspapers, leaflets delivered to the door and the Council's website. The biggest change, since a previous survey in 2005, has been for the Council's website which is now considered the most useful source of information. However, older residents continue to cite the free local papers and leafleting as the most important source. Residents feel as well informed overall by the Council as they did in 2005, with 57% saying in both surveys that they feel very or fairly well informed.

The proportion of people who say they have contacted the Council in the last 12 months (apart from paying a bill) has risen to 55%, up from 44% in 2005. The main method of contact remains the telephone, although there has been increased use of the website and e-mail. As use of the internet has become more widespread, residents feel more comfortable doing things through the Council's website.

The Communications Working Group of the Executive and Resources Policy Development and Scrutiny Committee recently published their report 'Receiving you loud and clear' – improving our communications to and from residents. In addition our Communications Strategy was revised and updated as part of the foundation strategy review process. Both these will be used to drive forward improvements in how we communicate with our diverse audiences.

A public meeting 'Help set the budget' was held in December 2009 as part of a wider consultation prior to finalising the 2010/11 budget. Topics covered included: resources, sustainability and environment, town centre developments, young people's services and social care/voluntary sector. Consultation papers were also sent to local business representatives for their views and comments including the 20 largest business ratepayers in the borough. In addition, prior to finalising the schools budget the Children and Young People Portfolio Holder consulted Head Teachers, Governors and the Schools Forum.

In all we have carried out 49 consultations this year covering a range of issues including the commissioning of older people's day services, car parking in Bromley, the proposed expansion of four Bromley primary schools, licensing policy enforcement and various customer satisfaction surveys.

The results of the statutory 2008 Place Survey conducted by MORI about local quality of life and public services were released during the year and a summary published on the website. The findings are being used to identify where we need to improve our services. Residents' satisfaction with their local area has increased, with 84% now satisfied compared with 80% in 2007. Less positively, Bromley continues to be perceived as performing relatively less strongly on residents' ability to influence local decisions and on communications. These issues are being addressed as part of improving overall communications.

13) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in Bromley's overall governance arrangements:

The Local Strategic Partnership (LSP) is a broad-based partnership of local organisations representing the views of residents, and the public, private and voluntary sectors of Bromley. The LSP Executive is the body with the ultimate responsibility for monitoring and holding the thematic partnerships to account for delivering against the borough's priorities. Both the LSP and the main thematic partnerships operate under the 'LSP Terms of Reference and Code of Conduct' setting out the ground rules for the operation of the LSP Family. They are designed to support LSP Family members in understanding their roles and responsibilities and in ensuring the business of the LSP is carried out in an effective, professional and transparent way.

As part of their review the Constitution Improvement Working Group has recommended that the Policy, Development and Scrutiny (PDS) committees pre-scrutinise the agendas of the LSP thematic boards in

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their policy area with the chairman of the relevant board expected to attend the PDS meeting. In addition Members appointed as the Council's representatives on outside organisations with a significant role and budget, will be required to provide a short annual written report to the final Council meeting or relevant PDS Committee. Work has also been undertaken on refreshing the Compact which is an agreement between local public bodies and voluntary groups setting out the key principles and values underpinning the statutory / voluntary sector relationship. It makes commitments on both sides, clarifies what partners can expect from each other and how to work together. The shared principles are: Respect, Honesty, Independence, Diversity, Equality, Citizen Empowerment and Volunteering.

Review of Effectiveness

Bromley has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Officer Executive, which is the officer managerial board within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the Policy Development and Scrutiny annual report, the Standards Committee annual report and also by comments made by the external auditors and other review agencies and inspectorates.

As part of this review the Assistant Directors have completed and signed an Assurance Statement in relation to their own service areas. In turn each Chief Officer has reviewed the effectiveness of key controls, using a detailed checklist, to provide an overall Assurance Statement for their own directorates.

The governance framework and internal control environment encompasses all the organisation's policies, procedures and operations in place. At Bromley this is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The process of maintaining and reviewing the effectiveness the governance framework including the system of internal control includes the following elements:

Corporate Framework

Bromley's plans outline how we will deliver our priorities and include specific actions and targets that allow us to measure our level of success. Some plans are produced in partnership with other agencies, which help us to focus our resources. The planning framework is arranged under portfolio headings. We currently operate with a Leader and an Executive. The Council maintains the policy and budgetary framework and appoints the Executive. In 2009/10 this contained the Leader and eight Executive members. Six majority members of the Executive were responsible for their portfolios. Each portfolio holder annually outlines, in a 'portfolio plan', their aims over the coming three years, and what they will be doing towards achieving their goals and their performance targets.

Under the Local Government and Public Involvement in Health Act 2007, the Council has adopted the 'new' leader and cabinet system also known as the 'strong leader model' with effect from April 2010. The Leader will personally control all decisions about the Council's executive functions. They can then choose whether to make all decisions personally, or to make arrangements for others to do so (for example, the cabinet, an individual member of cabinet, or certain senior officers).

Formulation of policies and decision making

Policy and decision-making are managed and controlled within a strong well-established framework. The Council's written constitution sets out in detail how the council operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. The Constitution

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Improvement Working Group has proposed a number of changes to the Constitution this year in response to the 2007 Act. Political and management control is exercised through the Executive who work to defined and established processes.

Compliance with policies, laws and regulations

Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include the Constitution, Financial Regulations, Codes of Conduct, and the Anti-Fraud and Corruption Strategy.

Performance management

Performance management in Bromley is considered through a range of review arrangements including external inspection bodies, external/internal audit reviews and the detailed monitoring and reporting of national and local performance indicators.

The Improvement, Efficiency and Effectiveness programme provides a planning/budget framework to support divisional, departmental and cross-cutting efficiencies and provides specific reviews to Members and Chief Officers. The work is governed by the Improvement and Efficiency Sub-Committee who are responsible for developing and implementing a Council strategy to achieve greater improvement and efficiency. A quarterly integrated performance monitoring report, 'Are we on track?' is sent to all Members.

Financial management

The financial management of the authority is organised through a wide range of well-established processes and procedures which delivers strong financial control arrangements. Bromley has in place a strategic budget planning process which includes detailed written procedures and which is supported by comprehensive financial regulations and procedures. Members and Chief Officers receive and consider detailed financial information on a regular basis and this facilitates the political decision-making process.

Policy Development and Scrutiny Committees

There are six Policy Development and Scrutiny (PDS) Committees who have a major role in policy development and pre-scrutinising the decisions of the Executive. They have no decision making powers but make reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. PDS Committees also monitor the decisions of the Executive. Any five Members can challenge or 'call-in' a decision that has been made by the Executive. This enables them to consider whether the decision of the Executive was appropriate. They may recommend that the Executive reconsider the decision. They may also be consulted by the Executive or the Council on forthcoming decisions and the development of policy.

This has been the first year of the new arrangements whereby there are usually no Portfolio Holder meetings but the appropriate PDS committee discusses the proposed decisions of the Portfolio Holder (PH) and makes recommendations to the PH. The PH then states whether the recommendations will be followed and later makes a decision without the need for a separate meeting. If the PH does not agree with the recommendation then a meeting will be held open to the public. The Executive and Resources PDS Committee has an overarching, coordinating role on behalf of the other five PDS Committees and provides an Annual Report to full Council summarising the work that has been carried out during the year.

The Audit Sub-Committee

The Audit Sub-Committee has the responsibility for developing and keeping under review all aspects of the

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Council's arrangements for audit and probity specifically including:

- Financial regulations
- Fraud prevention
- Internal and external audit
- Risk management

Internal audit reports all significant weaknesses to management and Members in the form of prioritised recommendations. All such recommendations are followed up for implementation or appropriate management action.

The Standards Committee

The Standards Committee has responsibility for promoting and maintaining high standards of behaviour within the authority with respect to all aspects of ethical conduct including member conduct. During the year the membership of the Committee was increased by an additional independent member, and two additional councillors. The Committee now has a membership of 10 of whom 5, including the Chairman, are independent members. The Committee provides an Annual Report to full Council including details of its forward programme of work.

Chief Financial Officer

The role of Chief Financial Officer is performed by the Director of Resources (and Section 151 Officer). He is a member of the Chief Officers' Executive and is responsible for ensuring the proper management of all Bromley's financial affairs. He also deputises for the Chief Executive when he is absent or unable to act.

Internal Audit

Internal audit is an independent appraisal function that acts as a control that measures, evaluates and reports upon the effectiveness of internal controls, financial and others, as a contribution to the efficient use of resources within the authority.

Internal Audit's service aims are to:

- independently review and appraise systems of control throughout the authority and its activities
- ascertain the extent of compliance with procedures, policies, regulations and legislation
- provide reassurance to management and Members that their agreed policies are being carried out effectively
- facilitate good practice in managing risks
- recommend improvements in control, performance and productivity in achieving corporate objectives
- work in partnership with the external auditors
- identify fraud as a consequence of its reviews and to deter crime

An Annual Audit Plan is used to map out the cyclical coverage of fundamental financial systems and other audits. The plan is based on the identification of the Council's systems and activities to be audited, each assessed for risk. Work relating to prevention and detection of fraud and corruption is integrated into this audit planning process.

Internal Audit operates to defined standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. The effectiveness of the system of the system of Internal Audit is measured by compliance with this code and peer reviews. Internal Audit provides an independent opinion on the adequacy and effectiveness of the system of internal financial

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control. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. The supporting summaries of audit reports help inform the overall assessment of internal financial controls. The Chief Internal Auditor is empowered to report any matter of concern directly and independently, to the Chief Executive, the Chairman of Audit Sub-Committee or the Leader of the Council, if necessary.

External Inspections

The Audit Commission assessed the Council's performance under the new Comprehensive Area Assessment (CAA) as follows:

"Overall Bromley Council performs well and is doing well in improving the things which are its priorities. The Council's priorities are clear and ambitious for the area, and reflect local people's needs well."

Managing performance	3 out of 4
Use of resources (see 3 components below)	3 out of 4
Managing finances	3 out of 4
Governing the business	3 out of 4
Managing resources	3 out of 4

3 = An organisation that exceeds minimum requirements - Performs Well

This is a strong score, particularly as the 2009 assessment is new and is designed to be a harder test.

Under the new arrangements Children's Services was rated as 3 - Performs Well and Adult Social Care as 2 - Performs Adequately.

During the last year the Council has received the following assessments from other inspectorates:

Care Quality Commission – Safeguarding Adults; Increased choice and control for older people

Performing adequately in safeguarding adults.

Performing adequately in supporting increased choice and control.

In conclusion the capacity to improve was promising.

Customer Service Excellence standard – Environmental Services Department

"Environmental Services were found to have maintained a deep understanding and a commitment to Customer Service Excellence. The commitment was found from Senior Management levels through to operation and front line staff."

Lexcel standard – Legal Services

Assessed as having a good level of compliance.

Ofsted – Bromley Adoption Agency

Rated as good – "This is a good service, and one in which the commitment of staff to good outcomes for children is clearly evident."

Ofsted – Children Social Care Services (Contact, Referral and Assessment Arrangements)

"Safeguarding arrangements are secure, well-established and effective with clear-decision making and timely action to ensure children's safety and well-being."

The Registrar General – Registrars

Rated as excellent, on both technical service delivery and on customer service.

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Youth Justice Board – Youth Offending Team Partnership (re-inspection)

“Good prospects for improvement”

Action plans to address any issues identified within these services are in place or under development.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Risk Management Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

Good progress has been made on the outstanding control issues identified in previous years. These are no longer considered as significant and now form part of the general ongoing work programme:

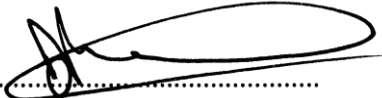
Governance Issue	Current Position
The need to ensure that risk management is fully embedded throughout the Council. The need to ensure that key partnership risks are identified and shared amongst all parties.	Actions completed <ul style="list-style-type: none"> • Dedicated risk management site on the intranet • Improvements to risk register to provide links to toolkit and corporate risks • Improvements to risk reporting in the ‘Are we on track?’ quarterly performance monitoring report
	Actions in Progress <ul style="list-style-type: none"> • Rolling programme of training and awareness • Work with Partnership Officer Group on finalising risk registers for the thematic partnerships and the LSP • Review of Risk Management strategy
Full implementation of a practical procurement strategy including strengthening contract management arrangements.	Actions Completed <ul style="list-style-type: none"> • Corporate training on the use of new Contract Procedure Rules • Foundation review outcomes incorporated in to the Procurement strategy • Work on sustainability; the use of whole life costing in decision making and SME engagement
	Actions in Progress <ul style="list-style-type: none"> • Monitor changing relationship with PCT • Review changing legislation for agency staff
Business continuity plans – including work on developing service continuity plans and development of an affordable disaster recovery plan.	Actions Completed <ul style="list-style-type: none"> • Review of issues arising from Exercise Coldplay (Flu Pandemic) including update of action plans. Follow-up exercise run by PCT in November 2009. • Work on ensuring each business area has a designated plan including a Business Impact Analysis and Business Continuity Plan (BCP) • Workshops run for staff and external contractors to enhance their BCP programmes
	Actions in Progress <ul style="list-style-type: none"> • Review existing BCPs as part of overall Business Continuity Management programme • Review of BCPs for main contractors and evidence of testing

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Governance Issue	Current Position
Greater and consistent use of sound project and programme management disciplines.	Actions completed <ul style="list-style-type: none"> • Training course developed and delivered in-house • Corporate programmes all now rationalised under Chief Executives' department • Health check methodology completed and carried out on the OneWay Programme
	Actions in Progress <ul style="list-style-type: none"> • Ensuring that the methods and support tools are used consistently
	Existing code of corporate governance needs to be reviewed to reflect the principles of the new CIPFA/SOLACE <i>Delivering Good Governance in Local Government</i> framework and to ensure best practice.
Develop partnership risks and governance arrangements to ensure a uniform approach based on good practice.	Actions completed <ul style="list-style-type: none"> • Revised Code of Corporate Governance adopted
	Actions in Progress <ul style="list-style-type: none"> • Update of Code to incorporate new Chief Financial Officer requirements • Annual review
	Actions completed <ul style="list-style-type: none"> • Training for Partnership Officer Group on risk management • Risk registers for CYP Trust and Health, Social Care and Housing Partnership approved
	Actions in Progress <ul style="list-style-type: none"> • Finalising risk registers for the Economic Partnership, Safer Bromley and the LSP

No further significant control issues have been identified during the current review.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed 
Chief Executive

Signed 
Leader of the Council

Date 08.06.2010

Date 08.06.2010

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Report No.
RD10063

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: General Purposes and Licensing Committee

Date: 30th June 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **RAVENSBOURNE COLLEGE PENSION ARRANGEMENTS**

Contact Officer: Mark Gibson, Assistant Director of Resources
Tel: 020 8313 4295 E-mail: mark.gibson@bromley.gov.uk

Chief Officer: Paul Dale, Director of Resources

Ward: N/A

1. Reason for report

- 1.1 This report updates Members on the future proposed pension arrangements for staff at Ravensbourne College.
-

2. **RECOMMENDATION**

- 2.1 **Members are asked to note the latest advice set out in the report and to recommend that the College continues to participate in the Bromley Fund in respect of former, existing and future staff. In order to facilitate this the Director of Resources be asked to seek a Direction Order pursuant to the Local Government Pension Scheme Regulations from the Secretary of State in support of such a resolution.**

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Pension fund
 4. Total current budget for this head: £408.4 as at 31st December 2009
 5. Source of funding: N/A
-

Staff

1. Number of staff (current and additional): 143 including pensioners (39) and deferred pensioners (32) actives (72)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory requirement. LGPS (Administration) Regulations 2008 (Administration Regulations).
 2. Call-in: Call-in is not applicable. Proposals do not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 143
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 At the last meeting in February 2010 Members were of the opinion that further consideration was needed to be given to the implications of the actuary's advice and recommendation and in particular a comparison with the possible benefit that could result from the transfer of the College from the Bromley Pension Fund to Greenwich. Members asked for clarification on the issues contained in paragraph 3.1.5 of the actuary's client briefing note.
- 3.2 The paragraph stated that *even if the College has the necessary funds to make the £1.6m payment to the Bromley Fund it is still in the interests of the Bromley Fund and the other Bromley employers, for the College to remain in the Bromley Fund.*
- 3.3 This report therefore encloses the last report and provides an update on the Actuarial advice. As a reminder the College is a scheduled body under the Local Government Pension Scheme Regulations 1997. These Regulations state that the appropriate LGPS Pension Fund that the College should participate in is the one within which it lies geographically and so historically the College has been a scheduled body within the Bromley Fund.
- 3.4 In September 2010 the College is relocating to a new site which is within the London Borough of Greenwich rather than Bromley. However, there are a number of LGPS funds who have participating employers who are headquartered outside the strict geographical boundaries of the LGPS Fund in which they participate. There are also a number of LGPS employers, including further education establishments, who participate in more than one LGPS Fund. Advice from the DCLG has confirmed that a proposal to keep College staff in the Bromley Pension Fund would require a Direction Order from the Secretary of State under the administration regulations Schedule 4 paragraph 2, after the Secretary of State is satisfied that the treatment of ongoing pension liabilities have been considered and agreed upon by all interested parties.
- 3.5 The Council's actuary maintains that it is in the interests of the other employers in the Fund for the College to remain in the Bromley Fund so that the college remains fully responsible for funding its pension liabilities. This option is considered the lowest risk option for the Bromley tax payers as it ensures that the college remains in the Fund with active members contributing to any deficit funding that is needed in the future.

4. FINANCIAL IMPLICATIONS

- 4.1 If a Direction Order is not obtained then the default position is that the Greenwich Fund will become the appropriate LGPS Fund for the College. Regulation 86(3) of the LGPS Administration Regulations 2008 states that where there is a change of Fund in respect of 10 or more members by virtue of a single event, the amount of any transfer payment between Funds shall be determined by agreement between the actuary appointed by the administering authority by which the payment must be made and the actuary appointed by the administering authority to which it must be made. Regulation 86(4) states that if the actuaries cannot agree the bulk transfer payment within 12 months of the transfer date then it shall be referred to a third actuary whose decision will be final.
- 4.2 To protect the interests of the remaining employers in the Bromley Fund, the actuary for the Bromley Fund will wish to ensure that sufficient assets are retained in the Bromley Fund to fully fund the liabilities for pensioner and deferred pensioners that are left behind on a basis that minimises the likelihood of the remaining Bromley employers ever having to make additional contributions to meet these liabilities. The actuary for the Greenwich Fund will seek to ensure that sufficient assets are paid from the Bromley Fund to meet the expected cost of the liabilities for active members that will transfer to the Greenwich Fund.

- 4.3 Calculations prepared by the Bromley actuary indicate that the current share of the assets in the Bromley Fund are not sufficient to even fully fund the liabilities that will remain behind, never mind fund any transfer of liabilities to the Greenwich Fund without significant sums being paid into the Bromley Fund from the College. The most up to date calculations indicate that a sum of £1.6m would be required to fully fund the residual liabilities and a further sum of £3m would be required to fund the transfer payment to the Greenwich Fund.
- 4.4 On the basis that the College does not have the required funds to fully fund both the residual liabilities and the transfer value to the Greenwich Fund then it would be extremely unlikely that the actuaries to the Bromley Fund and the Greenwich Fund would be able to agree a transfer amount and the matter would be referred to a third actuary. Although we cannot pre-empt the third actuary's decision the most probable outcome would be that the existing deficit is shared between the Bromley Fund and the Greenwich Fund. Thus the Greenwich Fund would receive insufficient assets to fund the liabilities transferring and the Bromley Fund would retain a deficit in respect of the residual liabilities that are left behind.
- 4.5 Under this scenario the College would have to pay significant contributions to both the Greenwich Fund and the Bromley Fund to fund the deficits in both Funds. However the "South Tyneside case" casts doubts on the ability of Funds to obtain payments from employers such as the College who no longer have any active members. **There is the risk therefore that any attempt to seek payments from the College once it no longer has active members would be challenged leaving the deficit to be funded by the remaining Bromley employers.**
- 4.6 There is of course the scenario that the College does have the available funds to fully fund the residual liabilities and fully fund the transfer payment to the Greenwich Fund. However even with the College fully funding its residual liabilities in the Bromley Fund there is no guarantee that the assets will be sufficient to meet the liabilities which are uncertain and so even under this scenario there is the risk to the other employers in the Bromley Fund of having to make additional payments to the Fund at some point in the future.
- 4.7 Thus the advice is that it is in the interests of the Bromley employers to obtain the Direction Order to allow the College to remain in the Bromley Fund as this would mean that the College continues to meet the cost of its pension liabilities without recourse to the other employers in the Bromley Fund.
- 4.8 CLG are aware of this difficult issue of who funds residual liabilities when employers change Funds. The Probation service across England and Wales is being restructured with Probation Boards merging to create larger Probation Trusts which will participate in designated LGPS Funds. Special amending regulations to the LGPS Regulations have been made which states that where there is to be a transfer of Probation Board pension liabilities from one LGPS Fund to another as a result of the merger then there will be a transfer of all pension liabilities including pensioner and deferred members' liabilities to the designated LGPS Fund, thus leaving no residual liabilities behind. Informal enquiries with CLG about whether this arrangement could be extended to the College's situation have not been successful.
- 4.9 An ongoing dialogue has been held with CLG on the matters above and critically a Member concern that there is a risk that in the future the college may not have sufficient funding to continue to meet all its liabilities including those to the Bromley fund. The CLG have provided a response which is included in part two.
- 4.10 Also the college have been asked to provide details of their financial position which has been provided along with the possibility of some financial assurance or underwriting of the liabilities in question in the event of terminal financial difficulties.

4.11 On balance the advice remains that the Direction Order is the least risk route for the Bromley Fund especially if this can be backed with some more formal financial assurance.

5. LEGAL IMPLICATIONS

5.1 Legal implications included above.

6. PERSONNEL IMPLICATIONS

6.1 The college staff will be protected as their contract allows them access to a LGPS whoever administers the fund. Both the college and LB Greenwich have been consulted on the different options and both are keen that the one recommended above is the preferred solution.

Non-Applicable Sections:	Policy
Background Documents: (Access via Contact Officer)	GP and L reports May and June 2009

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Report No.
ES10089

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: General Purposes and Licensing Committee

Date: 30 June 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **THE LICENSING ACT 2003 (MANDATORY LICENSING CONDITIONS) ORDER 2010**

Contact Officer: Paul Lehane, Head of Food Safety, Occupational Safety & Licensing
Tel: 020 8313 4216 E-mail: paul.lehane@bromley.gov.uk

Chief Officer: Nigel Davies - Director of Environmental Services

Ward: All

1. Reason for report

This report sets out the new mandatory conditions applicable to all premises licences and club premises certificates issued by the Council.

2. **RECOMMENDATION(S)**

Members are asked to note

1. **The new mandatory licence conditions**
2. **The proposals for the Licensing Team to implement the order and update / reissue current licences and certificates.**

Corporate Policy

1. Policy Status: Existing policy. Licensing Policy 2008 to 2011
 2. BBB Priority: Vibrant Thriving Town Centres. Children and Young People. Safer Bromley. Excellent council
-

Financial

1. Cost of proposal: Estimated cost Mail Merging and postage of a letter to 850 Premises within the Borough. Re issue licences/certificates contained within existing budgets
 2. Ongoing costs: Non-recurring cost. Once Re issued there will be no further cost
 3. Budget head/performance centre: Public Protection
 4. Total current budget for this head: £3.5m
 5. Source of funding: Existing Revenue Budget
-

Staff

1. Number of staff (current and additional): 62 (Licensing Service 8)
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory requirement. The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Businesses - 850 currently licenced under the Licensing Act 2003
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010 was made on 16th March 2010. The order established a 2 phase implementation of 5 new mandatory conditions. The first 3 conditions came into force on the 6th April 2010 and the 4th and 5th conditions become live on 1st October 2010.

3.2 The Order identifies 5 mandatory conditions which will apply to all premises licences and club certificates where alcohol is sold for consumption ON the premises.

Condition 4 also applies to premises where alcohol is sold for consumption OFF the premises

A copy of the Home Office Guidance is contained at Appendix 1

The 5 new conditions are :-

3.3 Condition 1.

(1) The responsible person shall take all reasonable steps to ensure that staff on relevant premises do not carry out, arrange or participate in any irresponsible promotions in relation to the premises.

3.4 (2) In this paragraph, an irresponsible promotion means any one or more of the following activities, or substantially similar activities, carried on for the purpose of encouraging the sale or supply of alcohol for consumption on the premises in a manner which carries a significant risk of leading or contributing to crime and disorder, prejudice to public safety, public nuisance, or harm to children—

3.5 (a) Games or other activities which require or encourage, or are designed to require or encourage, individuals to—

(i) Drink a quantity of alcohol within a time limit (other than to drink alcohol sold or supplied on the premises before the cessation of the period in which the responsible person is authorised to sell or supply alcohol), or

(ii) Drink as much alcohol as possible (whether within a time limit or otherwise);

3.6 (b) provision of unlimited or unspecified quantities of alcohol free or for a fixed or discounted fee to the public or to a group defined by a particular characteristic (other than any promotion or discount available to an individual in respect of alcohol for consumption at a table meal, as defined in section 159 of the Act);

3.7 (c) Provision of free or discounted alcohol or any other thing as a prize to encourage or reward the purchase and consumption of alcohol over a period of 24 hours or less;

3.8 (d) Provision of free or discounted alcohol in relation to the viewing on the premises of a sporting event, where that provision is dependent on—

(i) The outcome of a race, competition or other event or process, or

(ii) The likelihood of anything occurring or not occurring;

3.9 (e) Selling or supplying alcohol in association with promotional posters or flyers on, or in the vicinity of, the premises which can reasonably be considered to condone, encourage or glamorise anti-social behaviour or to refer to the effects of drunkenness in any favourable manner

3.10 Condition 2 .

The responsible person shall ensure that no alcohol is dispensed directly by one person into the mouth of another (other than where that other person is unable to drink without assistance by reason of a disability).

3.11 Condition 3. The responsible person shall ensure that free tap water is provided on request to customers where it is reasonably available.

Effective from 1st October 2010

3.12 Condition 4. (Additionally applicable to OFF Sale Premises)

(1) The premises licence holder or club premises certificate holder shall ensure that an age verification policy applies to the premises in relation to the sale or supply of alcohol.

(2) The policy must require individuals who appear to the responsible person to be under 18 years of age (or such older age as may be specified in the policy) to produce on request, before being served alcohol, identification bearing their photograph, date of birth and a holographic mark.

3.13 Condition 5.

The responsible person shall ensure that—

(a) Where any of the following alcoholic drinks is sold or supplied for consumption on the premises (other than alcoholic drinks sold or supplied having been made up in advance ready for sale or supply in a securely closed container) it is available to customers in the following measures—

- (i) Beer or cider: ½ pint;
- (ii) Gin, rum, vodka or whisky: 25 ml or 35 ml; and
- (iii) Still wine in a glass: 125 ml; and

(b) Customers are made aware of the availability of these measures.

3.14 All premise licence and club certificate holders within the L B Bromley will receive a “mail merged” letter informing them of the new conditions and how they apply to them, additionally an article will be appear in the next edition of “Business Matters” the Environmental Services business news letter which is sent to all businesses within the borough.

3.15 Each licence/certificate holder will be given the option of returning their current licence/certificate to have the mandatory conditions added immediately, free of charge, or they can wait until a further change/alteration of the licence/certificate is required at which time they will be added then.

3.16 All holders of licence/certificate holders will be clearly informed that irrespective of whether they choose to have their licence/certificates amended now all the conditions still apply ie condition 1, 2 and 3 now and conditions 4 and 5 from 1st October 2010.

4. POLICY IMPLICATIONS

The new conditions are mandatory licensing conditions, any breaches will be treated in the same way as breaches of existing conditions according to the Licensing Policy .

5 FINANCIAL IMPLICATIONS

Costs will be contained within existing revenue budgets

6 LEGAL IMPLICATIONS

The Council is the Licensing Authority under the Licensing Act 2003 and has the duty to promote the Licensing Objectives. Ensuring that businesses have the correct licence conditions and comply with them is one way that this duty can be discharged.

Non-Applicable Sections:	PERSONNEL IMPLICATIONS
Background Documents: (Access via Contact Officer)	The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010 Home Office Guide SELLING ALCOHOL RESPONSIBLY: The New Mandatory Licensing Conditions The Mandatory Code for Alcohol Retailers England and Wales April 2010

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Appendix 1

Home Office Guidance

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Home Office

SELLING ALCOHOL RESPONSIBLY: The New Mandatory Licensing Conditions

The Mandatory Code for Alcohol Retailers England and Wales

April 2010

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Introduction

Drinking alcohol plays a long-standing and generally positive role in British culture. Pubs, bars, off-licences and clubs are an important part of many people's social and family life and contribute valuable revenue to the economy.

The Government plays an important role in ensuring people can make informed choices about the amount they drink; that the police and local authorities have appropriate powers to deal with those individuals who cause trouble, and in ensuring that those who sell alcohol do so responsibly.

This document explains what the five new mandatory licensing conditions cover and the types of promotions and practices that are either prevented (such as irresponsible promotions) or expected to be implemented in all premises (such as age verification policies). These new mandatory conditions apply to all licensed premises and those with a club premises certificate in England and Wales, so this document will be of interest to those responsible for enforcing the law around licensing, as well as those selling or supply alcohol.

The purpose of these mandatory conditions is to establish a set of minimum standards in that way that alcohol is sold. It creates a level playing field for those minority of premises who have felt compelled to compete with others by running irresponsible alcohol promotions, such as "all you can drink for £10".

As such, these conditions support those premises that trade responsibly and target those who do not.

We recognise that most premises are run responsibly and that they take their licensing obligations seriously. That is why we have published a booklet to showcase the good practice that the hospitality and alcohol retail industry has put in place to prevent alcohol related crime and disorder; to drive down underage sales and to make the night time economy a more pleasant and safer place.

This booklet can be downloaded at:

<http://www.homeoffice.gov.uk/crime-victims/reducing-crime/alcohol-related-crime/index.html>

We would encourage all licensed premises to take a look at the wide range of initiatives that have been put in place up and down the country.

These good practice initiatives compliment, and are complimented by, the new mandatory licensing conditions. By making good practice the minimum standard in all licensed premises, we can make our night time economy a more welcoming and safer place for all.

How will the New Conditions Work?

Schedule 4 of the Policing and Crime Act 2009 amends the Licensing Act 2003 to give the Secretary of State the power to impose up to nine mandatory licensing conditions in relation to the supply of alcohol under licence.

These new mandatory licensing conditions apply to all existing and future premises licences which authorise the supply of alcohol, and will come into force from 6th April 2010 (with two further conditions coming into force on 1st October 2010).

These conditions override any conditions already included in a premises licence or club premises certificate, so far as they are identical to the existing conditions or inconsistent with, and more onerous than, the existing conditions. The new conditions will apply to every licence and certificate authorising the sale and supply of alcohol from the point they come into force.

As the new conditions are mandatory licensing conditions, any breaches will be treated in the same way as breaches of existing conditions. Failure to comply with any conditions attached to a licence or certificate is a criminal offence, which on conviction would be punishable by a fine of up to £20,000 or up to six months imprisonment or both. In most cases, we would expect there to be a review of those premises. As these new conditions are mandatory and apply across England and Wales, we would expect Licensing Authorities to take any breach seriously.

The New Conditions

The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010¹ sets out the five new conditions that will apply to all licensed premises and those with a club premises certificate.

From 6th April 2010, these conditions will:

- Ban irresponsible promotions;
- Ban the dispensing of alcohol directly into the mouth; and
- Ensure that customers have access to free tap water so that they can space out their drinks and not get too intoxicated too quickly.

From 1st October 2010, these conditions will also:

- Require an age verification policy to be in place to prevent underage sales; and
- Ensure that customers have the opportunity to choose small measures of beers, ciders, spirits and wine.

Who do these conditions apply to?

If you run or are responsible for an on-trade premises, such as a pub, hotel or bar, or if you run a members club then all five conditions apply to you. If you run or are responsible for an off-trade premises, such as an off-licence or supermarket, then only the requirement on age verification (Condition 4) applies to you.

Are the examples given in this document an exhaustive list?

This document is designed to accompany the legislation and to help licensees understand the types of promotions and practices that can and cannot take place. However, it cannot take account of all the vast number of promotions that are run. For this reason, the legislation provides that “substantially similar activities” to those described are also prohibited (Condition 1(2)).

How do I know if a promotion I am thinking of running is banned?

The legislation makes clear that an irresponsible promotion is one that is “carried on for the purpose of encouraging the sale or supply of alcohol for consumption on the premises in a manner which carries a significant risk of leading or contributing to crime and disorder, prejudice to public safety, public nuisance, or harm to children”.

If there is any doubt as to whether the promotion you are planning to run falls foul of this new mandatory condition, we strongly recommend that you discuss your proposals with your local Licensing Authority and/or police before running the promotion.

The examples given throughout this document highlight those promotions that we consider the most irresponsible and that are prohibited under the new legislation.

1. S.I. 2010/860. See Annex A of this document for the Order in full.

What the Conditions Prevent and What They Require

Condition 1. No Irresponsible Promotions

Who is responsible for ensuring this condition is adhered to?

Responsibility for this condition lies with the responsible person as defined in section 153(4) of the Licensing Act 2003².

The responsible person must take all reasonable steps to ensure that staff on relevant premises do not carry out, arrange or participate in any irresponsible promotions in relation to the premises.

In practice, this means that the responsible person should ensure that all staff working on the premises are made aware of this condition and that they do not organise, run or take part in any irresponsible alcohol promotions on behalf of the premises licence holder or club premises certificate holder.

What is an irresponsible promotion?

An “irresponsible promotion” is any activity or offer that encourages customers to drink in a way that could cause a significant risk of breaching one or more of the four licensing objectives:

- The prevention of crime and disorder;
- Public safety;
- The prevention of public nuisance; and
- The protection of children from harm.

What this condition prevents:

Drinking Games

You can no longer run games or other activities that make customers drink an amount of alcohol within a time limit or drink as much alcohol as possible – i.e. any form of speed drinking game.

This would not, for example, prevent customers from choosing to drink a yard of ale, but it would prevent a licensed premises from organising a yard of ale competition.

Note - This does not stop you getting people to drink up as usual at closing time.

Large Quantities of Alcohol For Free or at a Fixed or Discounted Price

Some offers encourage specific groups to drink for free or at a discount – these groups may then become more vulnerable to crime or be more likely to cause disorder.

². See Annex B for the section 153(4) definition of “responsible person”.

This condition therefore prevents promotions such as:

- “women drink for free”;
- “half price drinks for under 25s”;
- discount nights for students; or
- cheap drinks for fans of a specific sporting team.

Some premises offer entry for a fixed price and then give unlimited drinks for no extra cost, or set a very high limit on the number of drinks that you can have included in that entry fee.

This condition therefore prevents promotions such as:

- “all you can drink for £10”;
- “pay £5 entry and then drink up to 12 shots”;
- “10 pints for £10”; or
- “pay your entry fee then drink for free until 10pm”.

Note - This does not ban promotions that are available to customers whilst they are having a table meal, as defined under section 159 of the Licensing Act 2003³.

Prizes and Rewards

You will no longer be allowed to run promotions that make a customer drink a certain amount of alcohol in order to get a prize or reward (including free alcohol) inside a time limit of less than 24 hours.

This means that promotions like “drink 4 pints get the 5th for free” or “drink 5 bottles of cider and win a free gift” cannot be run anymore.

Note: This would not prevent a landlord buying a round of drinks for a winning darts team, for example.

Sporting Events

You will no longer be allowed to run promotions based on things happening during a sporting event being watched on your premises, such as:

- “half price drinks when England scores a goal”; or
- “free drinks if your team wins”.

Posters and Flyers

You cannot use materials or signs on or near to your premises to advertise promotions there if they condone, encourage or glamorise anti-social behaviour or refer to getting drunk in any positive way.

3. “Table meal” means a meal eaten by a person seated at a table, or at a counter or other structure which serves the purpose of a table and is not used for the service of refreshments for consumption by persons not seated at a table or structure serving the purpose of a table.

Condition 2. No Alcohol Dispensed Directly into the Mouth

This condition means that you cannot run activities that involve alcohol being poured directly into the mouth of a customer. You must not allow other companies or individuals to do this on the premises either.

Sometimes customers organise their own activities, e.g. the “dentist’s chair”, pouring alcohol into each other’s mouths – you must also make sure that this does not happen on your premises.

Note: This does not include where that other person is not able to drink without assistance because of a disability (as defined under section 1 of the Disability Discrimination Act 1995).

Condition 3. Free Tap Water for Customers

Many premises already offer free tap water. This condition means that all premises have to give customers tap water for free if they ask for it. This helps people to space out their drinks and not become intoxicated quickly, which reduces the risk of crime and disorder occurring.

The tap water you provide should be suitable for drinking and must be provided where reasonably available.

What is meant by “reasonably available” is a question of fact; for example, it would not be reasonable to expect free tap water to be available in premises for which the water supply had temporarily been lost because of a broken mains supply.

Condition 4. Use an Age Verification Policy

Underage alcohol sales put young people at risk of harm and you risk losing your licence, facing a potential fine or imprisonment. It is in everyone’s interest to have a robust age verification policy in place to protect your business and to protect children.

Under the new condition, the premises licence holder or club premises certificate holder must make sure that the premises has an age verification policy in place for the sale or supply of alcohol.

This policy must make sure that customers who appear to staff to be under 18 years of age (or any older age specified in your own policy or in schemes such as Challenge 21 and 25) are asked to show ID with:

- Their photograph;
- Their date of birth; and
- A holographic mark.

This must be done before they are served alcohol, to prove that they are old enough to buy it.

This condition is intended to ensure that all licensed premises operate at a minimum standard of due diligence to ensure they do not sell alcohol to minors. Premises that are already operating age verification policies (such as: No ID No Sale, Challenge 21, Challenge 25 or Challenge 30) do not have to take any additional action to comply with the condition.

However, for practical reasons, paragraph (2) of this condition, which deals with the specific terms of the age verification policy, only applies in situations where the sale takes place face to face. Companies that sell alcohol remotely (distance sellers) for example, online or by mail order, should also operate an age verification policy. But as the transaction takes place remotely, the condition does not mean that photo ID needs to be shown at the point of delivery if age verification has taken place already via another means. Under Section 151(6) of the Licensing Act 2003, alcohol can be delivered to an under 18 as long as the delivery is made to the home or office address of an adult who made the order.

What are the acceptable forms of ID for age verification purposes?

Acceptable forms of identification for the age verification conditions are:

- Passport;
- Photocard Driver's Licence;
- Cards issued by local schemes that have been verified through the Proof of Age Standards Scheme (PASS) and bear the official PASS hologram ; and
- National Identity Card.

Example Policies

The Home Office will make example policies available for licensed premises to use or adapt before October 2010.

These will be available at:

www.homeoffice.gov.uk/crime-victims/reducing-crime/alcohol-related-crime/index.html

More information about Challenge 21 / 25 schemes is available at:

www.beerandpub.com/industryArticle.aspx?articleId=85

www.wsta.co.uk/Challenge-25.html

Condition 5. Give Customers the Choice of Small Measures

Many premises already make smaller measures available, but if yours does not, you now have to make sure that you make the following measures available for customers to buy:

- Beer and cider: **half a pint**
- Gin, rum, vodka and whisky: **25 ml or 35 ml** (depending on the measure you normally serve)
- Still wine in a glass: **125 ml**

Customers must also be made aware of these measures by, for example, listing them on drinks menus, or being informed by staff when ordering their drinks.

Note: This does not prevent you from serving larger sizes, such as 250ml wine, pints or doubles, although all measures offered must comply with relevant Weights and Measures legislation.

Note: This does not stop you selling "ready to drink" pre-packaged alcoholic drinks. It does not mean that you need new glassware as you can choose to use an approved measure.



Frequently Asked Questions

Q. Does this ban “Happy Hours” or “Pub Crawls”?

A. This condition will not ban promotions that are run in a manner consistent with responsible drinking such as the majority of standard alcohol retail practices. We are not banning happy hours, pub-crawls or general discounting of alcohol per se. These activities will only fall foul of this condition if they are promoted and organised in an irresponsible way.

Q. How do I know if a promotion I plan to run will be captured by these new conditions?

Where there is any doubt about whether a specific promotion falls foul of these new conditions, we expect that licensed premises will discuss them with the police, trading standards or the Licensing Authority beforehand.

Q. What standard should the tap water be?

A. Requirements on water suppliers are set out in regulations under the Water Industry Act 1991. The Water Supply (Water Quality) Regulations 2000⁴ sets the minimum standards for water supplied through the consumer’s tap.

Q. Does this bring an end to Challenge 21?

A. This does not bring an end to Challenge 21 or other similar schemes. Any business choosing to operate a scheme that builds in the due diligence of asking those who may appear to be under 21, but could still potentially be under the legal age of 18, would not be punished for not asking to see the ID of a 20 year old for example. We have been clear that local areas should not seek to punish businesses in an instance where they have not actually made an underage sale.

We fully support Challenge 21 and Challenge 25 and in order to allow these schemes to continue unchanged, we have made an explicit mention of this in the condition - by allowing an older age to be specified in the age verification policy, although the law in relation to the legal age for purchasing alcohol has not changed.

Q. Does this affect online sales?

A. Currently, many deliveries are made by courier companies and there is no legal duty for them to age verify at the door. It is legal to deliver alcohol to an under 18 as long as the order is placed by an adult and the delivery is made to that adult's home or office address (as provided by section 151(6) of the Licensing Act). The new mandatory age verification condition does not alter that position.

Any “distance sellers” that already have a duty to carry out age verification, will have to continue to do so under the new condition. The same holds for any delivery personnel that currently, in practice, carry out age verification by virtue of section 190 of the Licensing Act 2003.

If the distance seller or delivery agent (e.g. the Post Office or a courier company) does not currently have any duty to check for age (either because it is not licensed or because section 190 does not apply) then the new condition has no effect on them.

⁴. “Table meal” means a meal eaten by a person seated at a table, or at a counter or other structure which serves the purpose of a table and is not used for the service of refreshments for consumption by persons not seated at a table or structure serving the purpose of a table.

Q. What about biometric age verification schemes?

A. There are very few existing age verification schemes that use biometric data (such as fingerprints) to verify age. For those biometric schemes that do exist we would expect them to use an accepted form of ID, meeting the criteria set out in the condition, before cards for the scheme are issued, thus enabling them to be included in the required age verification policy.

Q. Do I need to buy new glassware?

A. Pubs are not required to buy new glasses as a result of this condition. There is a choice of using measured optics or a Government stamped measure instead.

Q. Can I still serve large measures of wine or doubles?

A. Yes. Businesses are still free to offer 175ml and 250ml of wine or double measures of spirits as set out in Weights and Measures legislation. This condition requires them to ensure that the 125ml measure of wine and a single measure of spirits are available to customers.

Q. What will happen if I do not comply with these conditions?

A. Failure to comply with any conditions attached to a licence or certificate is a criminal offence, which on conviction would be punishable by a fine of up to £20,000 or up to six months imprisonment or both. However, in many cases, the licensing authority or police are likely to call for a review of those premises as the initial response.

As these new conditions are mandatory and apply across England and Wales, we would expect licensing authorities to take any breach seriously.



Annex A: The Order in Full

This Order can be downloaded from

www.opsi.gov.uk/si/si2010/pdf/uksi_20100860_en.pdf

LICENCES AND LICENSING

The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010

Coming into force

Paragraphs 4 and 5 of the Schedule

1st October 2010

Remainder

6th April 2010

The Secretary of State makes the following Order in exercise of the powers conferred by sections 19A, 73B and 197(2) of the Licensing Act 2003⁵.

In accordance with section 197(4) of that Act⁶, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

In accordance with sections 19A(1) and 73B(1) of that Act, the Secretary of State considers it appropriate for the promotion of the licensing objectives⁷ to specify the conditions set out in this Order.

Citation and commencement

1.—(1) This Order may be cited as the Licensing Act 2003 (Mandatory Licensing Conditions) Order 2010. (2) This Order shall come into force on 6th April 2010 other than paragraphs 4 and 5 of the Schedule which shall come into force on 1st October 2010.

Interpretation

2. In this Order—

“the Act” means the Licensing Act 2003;

“anti-social behaviour” has the meaning given in section 36 of the Anti-social Behaviour Act 2003⁸;

“disability” has the meaning given in section 1 of the Disability Discrimination Act 1995⁹;

“relevant premises” has the meaning given in paragraphs (a) and (b) of the definition in section 159 of the Act;

“responsible person” has the meaning given in paragraphs (a) and (b) of the definition in section 153(4) of the Act.

5. 2003 c.17; sections 19A and 73B were inserted by paragraphs 2 and 4 respectively of Schedule 4 to the Policing and Crime Act 2009 (c.26).

6. Section 197(4) was amended by paragraph 44 of Schedule 7 to the Policing and Crime Act 2009

7. See section 4(2) of the Licensing Act 2003.

8. c.38

9. c.50

Mandatory conditions

3.—(1) Subject to paragraph (3), in relation to an existing or future relevant premises licence, the conditions set out in the Schedule are specified for the purposes of section 19(4)¹⁰ of the Act (mandatory conditions where licence authorises supply of alcohol).

(2) Subject to paragraph (3), in relation to an existing or future relevant club premises certificate, the conditions set out in the Schedule are specified for the purposes of section 73A¹¹ of the Act (mandatory conditions relating to the supply of alcohol to members or guests).

(3) The conditions in paragraphs 1 to 3 and 5 of the Schedule do not apply where the licence or certificate authorises the sale by retail or supply of alcohol only for consumption off the premises.

SCHEDULE Article 3

Mandatory Licensing Conditions

1.—(1) The responsible person shall take all reasonable steps to ensure that staff on relevant premises do not carry out, arrange or participate in any irresponsible promotions in relation to the premises.

(2) In this paragraph, an irresponsible promotion means any one or more of the following activities, or substantially similar activities, carried on for the purpose of encouraging the sale or supply of alcohol for consumption on the premises in a manner which carries a significant risk of leading or contributing to crime and disorder, prejudice to public safety, public nuisance, or harm to children—

(a) games or other activities which require or encourage, or are designed to require or encourage, individuals to—

(i) drink a quantity of alcohol within a time limit (other than to drink alcohol sold or supplied on the premises before the cessation of the period in which the responsible person is authorised to sell or supply alcohol), or

(ii) drink as much alcohol as possible (whether within a time limit or otherwise);

(b) provision of unlimited or unspecified quantities of alcohol free or for a fixed or discounted fee to the public or to a group defined by a particular characteristic (other than any promotion or discount available to an individual in respect of alcohol for consumption at a table meal, as defined in section 159 of the Act);

(c) provision of free or discounted alcohol or any other thing as a prize to encourage or reward the purchase and consumption of alcohol over a period of 24 hours or less;

(d) provision of free or discounted alcohol in relation to the viewing on the premises of a sporting event, where that provision is dependent on—

(i) the outcome of a race, competition or other event or process, or

(ii) the likelihood of anything occurring or not occurring;

(e) selling or supplying alcohol in association with promotional posters or flyers on, or in the vicinity of, the premises which can reasonably be considered to condone, encourage or glamorise anti-social behaviour or to refer to the effects of drunkenness in any favourable manner.

10. Section 19(4) was inserted by paragraph 1 of Schedule 4 to the Policing and Crime Act 2009.

11. Section 73A was inserted by paragraph 3 of Schedule 4 to the Policing and Crime Act 2009.

2. The responsible person shall ensure that no alcohol is dispensed directly by one person into the mouth of another (other than where that other person is unable to drink without assistance by reason of a disability).

3. The responsible person shall ensure that free tap water is provided on request to customers where it is reasonably available.

4.—(1) The premises licence holder or club premises certificate holder shall ensure that an age verification policy applies to the premises in relation to the sale or supply of alcohol.

(2) The policy must require individuals who appear to the responsible person to be under 18 years of age (or such older age as may be specified in the policy) to produce on request, before being served alcohol, identification bearing their photograph, date of birth and a holographic mark.

5. The responsible person shall ensure that—

(a) where any of the following alcoholic drinks is sold or supplied for consumption on the premises (other than alcoholic drinks sold or supplied having been made up in advance ready for sale or supply in a securely closed container) it is available to customers in the following measures—

(i) beer or cider: 1/2 pint;

(ii) gin, rum, vodka or whisky: 25 ml or 35 ml; and

(iii) still wine in a glass: 125 ml; and

(b) customers are made aware of the availability of these measures.



Annex B: Definition of Responsible Person

In section 153(4) of the Licensing Act 2003, “responsible person” means:

(a) In relation to licensed premises:

(i) the holder of a premises licence in respect of the premises;

(ii) the designated premises supervisor (if any) under such a licence; or

(iii) any individual aged 18 or over who is authorised for the purposes of this section by such a holder or supervisor.

(b) In relation to premises in respect of which there is in force a club premises certificate, any member or officer of the club present on the premises in a capacity which enables him to prevent the supply in question.

Note: (c) refers to permitted temporary activities and is not relevant for these purposes.

Report No.
ES 10095

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: General Purposes and Licensing Committee

Date: 30 June 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: LICENSING ACT 2003 - LATE OBJECTIONS

Contact Officer: Paul Lehane , Head of Food Safety, Occupational Safety & Licensing
Tel: 020 8313 4216 E-mail: paul.lehane@bromley.gov.uk

Chief Officer: Nigel Davies Director of Environmental Services

Ward: All

1. Reason for report

To advise members of a Court of Appeal decision relating to late objections under the Licensing Act 2010

2. **RECOMMENDATION(S)**

Members are asked to

1. **Note that objections received outside the statutory consultation period cannot be accepted**
2. **Note that failure to comply with the Councils own non statutory consultation procedure may be subject to Judicial Review**

Corporate Policy

1. Policy Status: Existing policy. Statement of Licensing Policy 2008 - 2011
 2. BBB Priority: Safer Bromley. Quality Environment & Vibrant Thriving Town Centres
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Public Protection
 4. Total current budget for this head: £3.5M
 5. Source of funding: Existing Revenue Budgets
-

Staff

1. Number of staff (current and additional): 62 (Licensing Service 8)
 2. If from existing staff resources, number of staff hours: n/a
-

Legal

1. Legal Requirement: Statutory requirement. Court of Appeal Decision
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 850 businesses licenced under the Licensing Act 2003 and local residents & businesses
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Licensing Act 2003 sets out the statutory process for licence applications including the requirement for the applicant to undertake public consultation and the time period for this and for representations to be made.
- 3.2 Applicants must advertise an application by displaying a poster on the premises and placing a notice in a local paper for 28 days and representations must be made to the Council within that period.
- 3.3 This Council undertakes additional non statutory consultation by writing to local Ward Members, Residents Associations and all businesses and residents within a radius of the application site. The area covered is determined by the Licensing Team taking into account the nature of the application and the locality.
- 3.4 The High Court (Queens Bench Division) has recently heard a Judicial Review against Westminster Council in respect of late objections for the Albert Hall.
- 3.5 The Council received an application to add boxing and wrestling to the licence and undertook additional non statutory consultation by writing to premises in a standard 30m radius of the site.
- 3.6 Albert Court, one of the mansion blocks, adjacent to the Albert Hall was not included in the consultation but the 30m radius touched the corner of the building.
- 3.7 No representations were received within the 28 day consultation period, but a number of objections from the residents of Albert Court were received later. The Council refused to consider the late objections and granted the application. The residents sought a Judicial Review of the Councils decision.
- 3.8 The Court decided
 - a) There is no legal power for the Council to accept and consider late objections.
 - b) The Council's failure to undertake consultation as per its own published practice was, in this case, so substandard as to be irrational or unlawful and therefore the Court upheld the application for a Judicial Review and the decision of the Council to grant the variation to the licence was quashed

In the light of this decision

- c) Officers and Members should be reminded that they have no discretion to accept representations received outside the 28 day consultation period. To do so would place the Council at risk of challenge from either the applicant or residents. Under no circumstances can late objections be included in a report to Licensing Sub Committee.
- d) Officers need to approach the non statutory consultation process with 'common sense' to ensure that the purpose of the consultation is achieved, namely that of notifying those living in the immediate vicinity of the application.

4. POLICY IMPLICATIONS

The Council undertakes additional non statutory consultation and this is included in the Statement of Licensing Policy. Members may wish to review the wording of this section when the policy is reviewed later this year.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications but a failure to apply the Councils own policy could lead to an application for a Judicial Review with the associated costs.

6. LEGAL IMPLICATIONS

The Council must approve a statement of Licensing Policy and review it every three years. It must also review the policy from time to time and amend it as necessary.

Non-Applicable Sections:	PERSONNEL IMPLICATIONS
Background Documents: (Access via Contact Officer)	R (on the application of (1) Albert Court Residents Association, (2) Albert Court (Westminster) Management Co Ltd, (3) Albert Court (Westminster) Freehold Co Ltd, (4) and others v Westminster City Council . Queens Bench Division 2 March 2010. Access via Paul Lehane, Head of Food, Safety and Licensing

Report No.
LDCS10117

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: **General Purposes and Licensing Committee**

Date: **30th June 2010**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **DEMOCRATIC SERVICES - BENCHMARKING INFORMATION**

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 020 8461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

1.1 A pan-London benchmarking exercise was carried out in 2009 through the London Democratic Services Forum. This was considered by this Committee in September 2009, and the Committee requested that the matter be considered further when the effect of the changes to the Council's decision-making processes was clearer. The figures show that although the Council does have the highest ratio of meetings to staff in London, there has been a real reduction in the number of meetings since the introduction of new executive decision-making processes in May 2009.

2. **RECOMMENDATION(S)**

2.1 **The Committee is requested to consider the benchmarking information and the other performance information relating to Democratic Services.**

Corporate Policy

1. Policy Status: N/A.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £504,640
 5. Source of funding: NA
-

Staff

1. Number of staff (current and additional): Current establishment is 14 staff, six of whom are part time (total 11.89fte posts). 10fte staff are involved in democratic services work (ie supporting meetings), with the remainder responsible for dealing with corporate complaints and Freedom of Information requests.
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory requirement. The main legislative requirements are contained in the Local Government Act 1972, the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.
 2. Call-in: Call-in is not applicable. No executive decision is involved.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The Democratic Services Team has a particular focus on supporting all 60 Members of the Council, and plays an important role in working with members of the public who have an interest in the Council's decision making arrangements.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 At its meeting on 23rd September 2009 the Committee received a report setting out benchmarking information that had been assembled through the London Democratic Services Forum (LDSF), a network that links Democratic Services managers from across London. This information had previously been considered by the Constitution Improvement Working Group on 10th June 2009, who had referred it to this Committee. The Working Group considered that if any changes were to be made to the levels of Member support, it was important to establish exactly what Members' needs were. The Chairman of the Working Group identified support for scrutiny reviews as one area where more support was needed. The Working Group also made reference to the Member Support survey conducted earlier in 2009 in which Bromley Councillors had identified access to better information as a major issue. The Councillors' intranet site (presented at the Committee's meeting in June 2009) is a direct outcome of this feedback, and these comments were also helpful in putting together the Member Induction Programme 2010.
- 3.2 The anonymised results of the LDSF survey are attached as appendix 1 – seventeen boroughs responded and Bromley's information is at line 4, Borough D (wrongly typed as B in the schedule). This data is now over a year old, and has the usual difficulties associated with making comparisons between organisations set up in different ways, but it does give a useful picture of support to members across the capital. It shows that Bromley's Democratic Services Team has the lowest reported staffing levels in London, and the lowest staffing budget, but it services the second highest number of meetings. However, it also shows that Bromley Members do not benefit from some of the support services that some other boroughs may provide with higher staffing levels.
- 3.3 Appendix 2 includes Bromley statistics for 2009/10 on numbers of meetings, compared to 2008/09. These figures cover meetings where there are formal agendas and minutes produced by Democratic Services – there are in addition around 40 Licensing Sub-Committee meetings per annum (for which the Team publishes agenda papers, but does not attend or take minutes.) This data shows that there has been a substantial reduction in the number of Portfolio Holder meetings (from 56 to 14) as a result of the changes to executive decision-making introduced in May 2009, although it should be remembered that the Democratic Services Team still has to process executive decisions even if they are not made at a portfolio holder meeting.. The new arrangements have produced a greater emphasis on effective pre-decision scrutiny, but there has as a result been increased pressure on the workloads of PDS Committees. There were slight increases in the numbers of PDS Committee and PDS Working Group meetings, while other Member-level meetings decreased from 157 to 145. There was an overall decrease in meetings within this category, although executive working groups increased from 7 in 2008/09 to 15 in 2009/10.
- 3.4 Other factors that had an impact on the Democratic Services Team during 2009/10 included introducing the new executive decision/making arrangements and other constitutional changes, implementing ICT changes (teamsites and Modern.gov), improving publicity and promotion of democratic activity and organising the change of Council membership in May 2010. This involved considerable resources devoted to preparing for and delivering the 2010 Member Induction programme, marshalling information for new Members, setting up new lists and providing support on an ongoing basis.
- 3.5 Minute production times have continued to come down. These are measured at two points - firstly, the time taken (in working days) for Democratic Services to produce draft minutes for internal circulation, and then, secondly, the overall time taken to be publish the draft minutes, as cleared by the chairman and senior officers. For 2008/09, the average times were 5.2 and 9.6 working days respectively; for 2009/10 the average times were 4.2 and 8.5 working days. Although this improvement is welcomed at a time when workloads are under continuing

pressure, there does need to be continuing effort to reduce these times, in particular for meetings involving executive decisions.

4. LEGAL IMPLICATIONS

- 4.1 Although the Council has considerable discretion about how frequently meetings are held, there are some minimum requirements around issuing summonses for Council meetings (although we are only required to hold an annual meeting), administering executive decisions, having at least one overview and scrutiny committee and having committees responsible for scrutinising health and crime and disorder. Committee papers for meetings have to be published five clear days before the meeting in accordance with the access to information rules.

Non-Applicable Sections:	Policy/Financial/Personnel
Background Documents: (Access via Contact Officer)	None

LDSF Benchmarking survey (June 2009)

Borough	1. How many staff (FTE) in total are involved in 'democratic services' and 'member support'	2. What is your total (i) staffing budget (for the above); (ii) Members Allowances Scheme budget; and (iii) number of Members?	3. How many meetings does the above team 'service' each year, i.e. take some form of minutes, notes or action list?	4. In the last 3 years, has your team (i) undertaken any meaningful customer survey and acted systematically upon its findings; (ii) undertaken an equality impact assessment resulting in an equalities action plan? (iii) secured an external service quality accreditation; (iv) produced an annual Service Delivery Plan (or equivalent); and/or (v) recorded and reported on a range of PIs	5. On O&S over the last year can you tell me - (i) the approximate number of less formal/informal O&S review sub-group/sub-committee meetings held; and (ii) the resultant total number of substantive O&S- originated review reports submitted to the executive or external bodies for consideration?	6. Which of the following best describes the level of support you offer to backbench Members (i) whatever they need, including casework; (ii) moderate, as and when required or as resources allow; or (iii) very little or nothing, they are expected to be largely self-sufficient	7. Which of the following best describes the level of support you offer to Cabinet Members (i) full bespoke office support; (ii) moderate, as and when required or as resources allow; or (iii) very little or nothing, they are expected to be largely self-sufficient	8. Which of the following best describes the level of support you offer to O&S Chairmen or equivalent (i) very comprehensive support; (ii) moderate, as and when required or as resources allow; or (iii) very little or nothing, they are expected to be largely self-sufficient
1. Borough A	18 (including 1.5 on education appeals)	(i) £1,300K (ii) £881K (iii) 51	300+	(i) Yes (ii) No (iii) No (iv) Yes (v) Yes	(i) 30 (ii) 8	(i)	(i)	(i)
2. Borough B	17 plus one dedicated IT officer	(i) £741K (ii) £1,300K (iii) 63	Approx. 250	(i) No (ii) No (iii) No (iv) Yes (v) Yes	(i) 10 (ii) c.15	(iii)	(ii) - but the Leader receives (i)!	(ii)
3. Borough C	18 (incl. 3 in separate Scrutiny Team)	(i) £931K (incl. £157K for separate Scrutiny Team) (ii) £854K (iii) 63	Approx. 200	(i) No (ii) Yes (iii) Yes (iv) Yes (v) No	(i) Approx. 40 (ii) 4	(iii)	Leader (i), and other Executive Members (ii)	(i)
4. Borough B	10	(i) £477K (ii) £1,069K (iii) 60	324	(i) Yes (ii) Yes (iii) No (iv) Yes (v) Yes	(i) 47 (ii) 6	(iii)	(iii)	(iii)
5. Borough E	22.8	(i) £984K (ii) £1,016K (iii) 63	221	(i) Yes (ii) Yes (iii) Yes (iv) Yes (v) Yes	(i) 31 (ii) 5	(ii)	(ii)	(ii)

6. Borough F	33 (including 9 in the Mayor's Office)	(i) £1,415K (ii) £1,386K (iii) 58	Approx. 300 including neighbourhood forums	(i) Yes (ii) Yes (iii) No (iv) Yes (v) Yes	(i) None (ii) 10	(i)	(i)	(i)
7. Borough G	14 (incl approx 2 in Executive Support team)	(i) approx £700K (ii) £899K (iii) 46	Approx. 200 (plus school admission appeals)	(i) No (ii) Yes (iii) No (iv) Yes (v) Yes	(i) None (ii) None (iii) None	(iii)	(i)	(ii)
8. Borough H	22.7 (11.5 in Committees, 7.2 in political support and 4 in Scrutiny)	(i) £1,049K (incl. approx £240K Scrutiny staffing budget) (ii) £885K (iii) 63	288 (incl. some 38 Scrutiny review etc. meetings of one sort or another)	(i) Yes (ii) No (iii) No (iv) Yes (v) No	(i) 38 Scrutiny review etc. meetings of one sort or another (ii) 10	(ii)	(ii)	(ii)
9. Borough I	21.77	(i) £785K (ii) £1,043K (iii) 54	250 (plus. some 650 education appeal hearings)	(i) Yes (ii) No (iii) No (iv) No (v) No	(i) 40 (ii) 6	(ii)	(ii)	(iii)
10. Borough J	25/26	(i) £1,117K (ii) £1,115K (iii) 48	Approx. 300	(i) No (ii) Yes (iii) No (iv) Yes (v) No	(i) 12* (ii) 14 *but all scrutinies are done by four standing O&S committees rather than informal sub-groups	(i)	(i)	(i)
11. Borough K	17.4 (18.6 incl. two part-time Scrutiny Devel. Managers)	(i) £849K approx. (ii) £1,262K (iii) 54	582 (incl. 6 Scrutiny Steering Group)	(i) Yes (ii) Yes (iii) Currently being pursued (iv) Yes (v) Yes	(i) 48 (ii) 8ish	(ii)	(i)	(ii)
12. Borough L	10.5	(i) £502K (ii) £617K (iii) 48	165 (plus some meetings noted by political office staff)	(i) No (ii) Yes (iii) No (iv) Yes (v) Yes	(i) 30 (ii) 4	(iii)	(ii)	(iii)

13. Borough M	51 (including 6 currently vacant posts)	(i) £1,346K (ii) £1,375K (iii) 61	270 (plus education appeals)	(i) Yes (ii) No (iii) Yes (iv) Yes (v) Yes	(i) 28 (ii) 6	(i)	(i)	(i)
14. Borough N	40	(i) £1,892K (ii) £1,592K (iii) 63	350	(i) No (ii) Yes (iii) No (iv) Yes (v) Yes	(i) 5 (ii) 12	(ii)	(1)	(i)
15. Borough O	13.25	(i) £560K (i) £1,064K (iii) 54	180	(i) No (ii) No (iii) No (iv) No (v) No	(i) Nil (ii) 6	(iii)	(ii)	(iii)
16. Borough P	30.5 (inc. 5 Scrutiny and PA support not in Dem.Svs.)	(i) £1,150K approx (ii) £807K (iii) 51	250 incl. ad hoc and agenda planning meetings	(i) No (ii) No (iii) No (iv) Yes (v) Yes	(i) 31 (ii) 11	(ii) - but full Members' Enquiries service	(i)	(i)
17. Borough Q	31	(i) c.£1,400K (incl. £600K for 13 committee staff) (ii) £950K (iii) 60	320	(i) No (ii) Yes (iii) No (iv) Yes (v) Yes	Not readily available	(i)	(i)	(i)

1. i.e. committee clerking, member services, member services, political support, scrutiny support, cabinet support, leadership support, members allowances and IT, member training and development (but NOT electoral services or Mayoral Support)

2. including Council, O&S, and executive-side meetings

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**London Borough of Bromley
Democratic Services – Activity Levels 2009/10**

Table 1: Meeting Numbers

	2008/09	2009/10	Increase/Decrease
The Executive	14	12	-2
Portfolio Holders (see table 2)	56	14	-42
PDS Committees	52	57	+5
PDS Working Groups	47	55	+8
Other Member Meetings	157	145	-12
TOTAL	326	283	-43

Table 2: Portfolio Holder Meetings

	2008/9	2009/10	Increase/Decrease
Adult & Community	9	2	-7
Children & Young People	12	6	-6
Environment	13	1	-12
Public Protection & Safety	6	1	-5
Renewal & Recreation (Previously local Economy)	8	2	-6
Resources	8	2	-6
TOTAL	56	14	-42

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Report No.
LDCS10124

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: General Purposes and Licensing Committee

Date: 30th June 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **APPOINTMENTS TO OUTSIDE BODIES - CRYSTAL PALACE
COMMUNITY DEVELOPMENT TRUST**

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 020 8461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

- 1.1 The Committee is requested to make one change to the outside bodies appointments made at the last meeting (relating to the Crystal Palace Community Development Trust).
-

2. **RECOMMENDATION(S)**

That Councillor John Canvin be appointed as the Council's representative on the Crystal Palace Community Development Trust in place of Councillor Tom Papworth.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £504,640
 5. Source of funding: Existing budgets
-

Staff

1. Number of staff (current and additional): Current establishment is 14 staff, six of whom are part time (total 11.89fte posts). 10fte staff are involved in democratic services work (ie supporting meetings), with the remainder responsible for dealing with corporate complaints and Freedom of Information requests.
 2. If from existing staff resources, number of staff hours: Liaison with outside bodies about Council appointments forms a small part of one post with the Democratic Services Team.
-

Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable. No executive decision is required.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes.
2. Summary of Ward Councillors comments: See section 3.

3. COMMENTARY

- 3.1 The Council appoints one representative – a local Ward Member - to the Crystal Palace Community Development Trust for each Council year. Monthly weekday evening meetings of the Trust are held at Anerley Town Hall. In 2009/10 Councillor Papworth was appointed to serve as the Council's representative on this body, and at the Committee's last meeting Councillor Papworth was nominated to continue by the Liberal Democrat Group for 2010/11. Officers have subsequently been informed that Councillor Papworth does not wish to continue in this role, and Councillor John Canvin has been nominated in his place by the Liberal Democrat group.
- 3.2 The Committee is requested to approve the appointment of Councillor Canvin.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	None

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Report No.
LDCS10018

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: General Purposes and Licensing Committee

Date: 30th June 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INVESTMENT SUB-COMMITTEE - CHANGE OF NAME**

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 020 8461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

- 1.1 The Chairman of the Investment Sub-Committee, Councillor Nicholas Bennett, has proposed that its name is changed to better reflect its remit, which concerns the management of the Council's Pension Fund. The proposed new name is the Pensions Investment Sub-Committee.
-

2. **RECOMMENDATION**

- 2.1 **The Committee is recommended to approve the change of name from Investment Sub-Committee to Pensions Investment Sub-Committee, and to ask Council to formally approve that Part 3 of the Constitution (Responsibility for Functions) be amended accordingly.**

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £504,640
 5. Source of funding: N/A
-

Staff

1. Number of staff (current and additional): There are 14 posts in the Democratic Services Team (11.89fte - of which 10fte are dedicated to Committee support.)
 2. If from existing staff resources, number of staff hours: Preparing this report and updating various records with the new name will take a negligible amount of officer time.
-

Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable. The report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The proposed change of name will clarify the role of the Sub-Committee for members and officers.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The new Chairman of the Investment Sub-Committee, Councillor Nicholas Bennett, has proposed that its name is changed to the Pensions Investment Sub-Committee. This is a clearer reflection of the Sub-Committee's remit, which is to oversee the management of the Council's Pension Fund. The proposed new name is supported by the Portfolio Holder for Resources, the Director of Resources and the Director of Legal, Democratic and Customer Services.

3. The full terms of reference of the Sub-Committee are set out in the Council's Constitution (Part 3 – Responsibility for Functions) as follows –

2.03 **Investment Sub-Committee** (Membership proportional – may include one Member of the Executive from each recognised party group, subject to Executive Members not being in a majority.)

- (a) monitoring the financial position of the Pension Fund, including consideration of the triennial actuarial valuations;
- (b) investment of the Pension Fund, including the appointment of investment managers;
- (c) management of the Council's additional voluntary contributions (AVC) scheme;

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	None

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APPEALS SUB-COMMITTEE

Minutes of the meeting held on 14th June 2010

Present

Councillors Nicholas Bennett JP, Judi Ellis and Charles Rideout

1 APPOINTMENT OF CHAIRMAN

RESOLVED that Councillor Charles Rideout be appointed Chairman of the meeting.

(Councillor Charles Rideout in the Chair.)

2 APOLOGIES FOR ABSENCE AND NOTIFICATION OF ALTERNATE MEMBERS

There were no apologies – all Members of the Sub-Committee were present.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during the consideration of the item of business referred to in the following Minute as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

The following summary
refers to a matter
involving exempt information

5 GRIEVANCE APPEAL: Mr P.B.

In accordance with the Council's Grievance Procedure, the Appeals Sub-Committee gave consideration to an appeal which had been made by a member of staff employed within the Adult and Community Services Department against the decision of the Assistant Director (Care Services Division) not to uphold an appeal against the decision on a number of grounds.

In considering the appeal the Committee

RESOLVED that no compensation be paid.

Chairman

The meeting started at 10am and concluded at 12.17pm.

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Agenda Item 15

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 16

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 17

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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