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DATE: 9 September 2015

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Tim Stevens J.P. (Chairman)
Councillor Diane Smith (Vice-Chairman)
Councillors Teresa Ball, Kathy Bance MBE, Nicholas Bennett J.P., Alan Collins,
Mary Cooke, Ellie Harmer, David Livett, Russell Mellor, Keith Onslow,
Charles Rideout, Pauline Tunnicliffe, Michael Turner and Stephen Wells

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **THURSDAY 17 SEPTEMBER 2015 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

Copies of the documents referred to below can be obtained from
<http://cds.bromley.gov.uk/>

A G E N D A

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 DECLARATIONS OF INTEREST

3 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Friday 11th September 2015.

4 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 14TH JULY 2015
(Pages 3 - 12)

5 AUDIT OF FINANCIAL STATEMENTS 2014/15 (Pages 13 - 210)

6 CAR ALLOWANCE (Pages 211 - 224)

7 LICENSING ACT 2003 - STATEMENT OF LICENSING POLICY FOR 2016 TO 2021
(Pages 225 - 288)

8 GAMBLING ACT 2005 STATEMENT OF LICENSING POLICY 2016 - 2019
(Pages 289 - 344)

- 9 **LOCAL JOINT CONSULTATIVE COMMITTEE: MINUTES OF THE MEETING HELD ON 16TH JUNE 2015** (Pages 345 - 350)
- 10 **AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 25TH JUNE 2015, EXCLUDING EXEMPT INFORMATION** (Pages 351 - 358)
- 11 **INDUSTRIAL RELATIONS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 9TH JULY 2015, EXCLUDING EXEMPT INFORMATION** (Pages 359 - 360)
- 12 **LOCAL PENSION BOARD : MINUTES OF THE MEETING HELD ON 27TH JULY 2015** (Pages 361 - 366)
- 13 **APPEALS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 13TH AUGUST 2015, EXCLUDING EXEMPT INFORMATION** (Pages 367 - 368)
- 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.

Items of Business

Schedule 12A Description

- | | |
|---|---|
| <p>15 AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 25TH JUNE 2015
(Pages 369 - 374)</p> | <p>Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.</p> |
| <p>16 INDUSTRIAL RELATIONS SUB-COMMITTEE: EXEMPT MINUTES - 9TH JULY 2015 (Pages 375 - 376)</p> | <p>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.</p> |
| <p>17 APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 13TH AUGUST 2015
(Pages 377 - 380)</p> | <p>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.</p> |

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GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 6.30 pm on 14 July 2015

Present:

Councillor Tim Stevens J.P. (Chairman)
Councillor Diane Smith (Vice-Chairman)
Councillors Teresa Ball, Nicholas Bennett J.P.,
Kevin Brooks, Mary Cooke, Ellie Harmer, David Livett,
Russell Mellor, Keith Onslow, Charles Rideout,
Colin Smith, Pauline Tunnicliffe, Michael Turner and
Stephen Wells

Also Present:

Councillor Julian Benington, Councillor Ruth Bennett,
Councillor Hannah Gray, Councillor Kate Lymer, Councillor
Peter Morgan, Councillor Tony Owen, Councillor Ian F.
Payne, Councillor Tom Philpott, Councillor Chris Pierce,
Councillor Michael Rutherford and Councillor Michael
Tickner

(Minutes 92 and 93 were considered in a joint session with
Public Protection and Safety PDS Committee.)

88 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Kathy Bance and Alan Collins, who were replaced respectively by Councillors Kevin Brooks and Colin Smith.

89 DECLARATIONS OF INTEREST

There were no declarations of interest.

90 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

91 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 27th MAY 2015

RESOLVED that the minutes of the meeting held on 27th May 2015 be confirmed.

92 POLICE PRESENTATION ON INCREASED CRIME AND DISORDER IN THE NIGHT TIME ECONOMY

The police update was given by the Borough Commander Chris Hafford, supported by PC Jonathan Booth. The police update was given against a background of increasing crime and disorder in the night time economies of both Bromley and Beckenham.

Operation Omega had been introduced as a nationwide MET policy to flood the streets with police to aid in hitting MOPAC 7 targets, and this had also been applied to Beckenham and Bromley. A colour document was distributed by the police that gave information on MPOAC 7 crime update statistics for Bromley. Most of the data referenced property offences with the exception of the data concerning violence with injury offences.

The data showed that the overall MOPAC 7 crime reduction target was to reduce overall crime levels by 5%. The data showed that the overall crime reduction percentage reduction was 3.2%. Crime had reduced in many areas, but the sectors that required improvement were criminal damage, theft of motor vehicles and violence with injury offences. The police felt that the increase in the violence with injury figures were directly correlated to alcohol consumption. The two Wards in LBB with the highest levels of VWI (Violence with Injury) were Cray Valley East and Cray Valley West.

The police had noted a general increase in crime across London, as well as significant increases in crime and disorder in Beckenham and Bromley. It was felt that in Bromley this could be linked to the relaxation of the Cumulative Impact Areas Policy in July 2013. The Committee were informed that there had been more crime in the last 12 months in Bromley Town Centre than in Woolwich, and that Safer Neighbourhood Officers had been used to help with night time responses. The Committee heard that Operation Triangle had helped, and that LBB were working towards a "Purple Flag" status for Beckenham for a well-managed night time economy.

The police had tabled a document entitled "Crime Digest for Bromley Town Centre Pubwatch". The document highlighted various incidences of crime and disorder that had occurred in Bromley Town Centre between 1st June 2015 and 13th July 2015. This was expanded upon by PC Jonathan Booth, as was another document that detailed more specific crime related data concerning selected licensed premises in Bromley. This premises had shown at least 4 minor variations of its licence in January 2014, and had morphed from what had previously been primarily a restaurant into a bar. PC Booth stated that the premises in question had extended it's opening time from midnight to 2.00am, and had now changed into a bar generating trouble and drunks. It was noted that it had recently applied for another variation. He expressed the view that if the premises had still been a restaurant, these problems would not be occurring.

The Borough Commander expressed concern that licensed premises were taking advantage of a licensing regime that was too relaxed. He was further concerned about data expressed in the form of a “trend line” that showed increasing levels of crime and disorder. He reminded Members that the police had to deal with violent offenders who were often in a crowd. The Borough Commander was also concerned about limited police resources to deal with these incidents. He informed the Committee that the police had resources of 21 officers on night duty, and that in the future even these numbers may reduce. In the future, units may have to be drawn in from outside the borough. The Borough Commander concluded by stating that it was an understatement to say that he was concerned.

Responding to the presentation, Paul Lehane, the Head of Food Safety, Occupational Safety and Licensing reminded the Committee that there had been two recent informal meetings (with ward members for Bromley Town and Copers Cope on 23rd June 2015 and the Tories on meeting on 24th June 2015) which had been helpful to officers in gaining an understanding of ward councillor views on the operation of the night-time economy and crime and disorder. Twelve action points had been identified and would help to shape the licensing policy for the period 2016 to 2021 -

1. The need to engage with BID Teams
2. The development of closer working between the Planning Department and other PDS Committees
3. The need to improve lines of communication with Members
4. To make the best use of street pastors
5. To look at the street environment in Bromley
6. To give members a case study of a poor performing business
7. Ensuring that DPS/Personal Licence holders would be present at all times
8. The limitation of vertical drinking establishments
9. A general requirement for door staff for pubs and clubs operating after midnight
10. A requirement to retain the Cumulative Impact areas of Beckenham and Bromley
11. Support for strong enforcement for problem businesses
12. Retaining staggered closing

The response of the Council to these issues would be delivered through the licensing policy, decision making and partnership working.

Mr Lehane outlined a proposed vision for the Council’s Licensing Policy as follows:

- 1) It was the desire of Bromley Town Ward Councillors to see a continuing development of a responsible and flourishing night time economy that would benefit the economies of Bromley North and South.
- 2) However, Members would support strong enforcement action against irresponsible businesses that undermined the licensing objectives, and had a negative effect on the night time economy.

3) Beckenham Town Centre was working in a way that promoted the Licensing Objectives, and because of this, any applications for new licences or variations would have to be considered very carefully to ensure that the current balance was not upset.

4) It was proposed that in Orpington the development of “café” type establishments would be promoted and that vertical drinking establishments would be discouraged.

Mr Lehane stated that he needed Member input on the Vision, and highlighted the importance of Member decision making, and its subsequent impact on crime and disorder. He asserted that representations from the police should be given significant weight and that the Licensing Objectives should not be undermined. New Licensing Policy conditions would include the introduction of strict conditions that would describe the exact type of operation that could be undertaken, and that Planning Permission would be required first.

The Town Centre Manager, Cheryl Curr, then appraised Members about the aim to achieve the “Purple Flag” award for Bromley Town Centre, and the benefits of achieving the award.

The Chairman noted the issues concerning the problems that cabs had in parking in East Street in Bromley North because of yellow line restrictions. He felt that the yellow lines should be removed, and replaced with recognised cab ranks/boxes for cab parking. The Portfolio Holders for Environment and Renewal and Recreation both supported this aim, as did other Members present, and the Chairman of the Renewal and Recreation PDS Committee Payne suggested that it would be a good idea to set up not just taxi ranks, but also a taxi marshalling service.

Cllr Michael Tickner commented that half of the turnover for Beckenham Town Centre was from the night time economy. He felt that it would be sensible to apply what had worked in Beckenham to Bromley. He also added that it was important to spot phoney applications to prevent businesses from changing from acceptable uses into more troublesome venues. He supported a hard crackdown on problem businesses and was of the opinion that all premises should have door staff after 11.30pm. Cllr Tickner was in favour of getting people home using a “staggering” process, and so “staggered” closing should be supported. He also advocated more support for taxi ranks and for the Night Bus. He suggested that a strategy should be adopted to try and attract older people into the night time economy to attain more balance in terms of age and maturity.

Officers expressed the view that door staff should be paid by the licensed premises to act as street marshals wearing hi-vis jackets to help with dispersal of customers. This was a practice that had proved successful in Beckenham. The Borough Commander advised the Committee that ASB Closure Notices had proved to be an effective enforcement tool. A Member asked if staggered closing was currently being employed, and if it was

possible to stop admitting people after a certain time. Officers answered that this was normally controlled by door staff, but could be added to policies and reviews in the future. The problem with trying to enforce a “staggering policy” was one of fairness and balance. Members were in favour of marshalling and street pastors.

Cllr Michael Rutherford stated as a Bromley Town member that matters should be kept in context, and that Members should bear in mind the new developments proposed at St Mark’s Square, and that it was important to give new businesses a chance. He requested that the police not object to applications pertaining to restaurants and theatres. He advocated a considered and measured approach. PC Booth clarified that the police sometimes objected to applications in order to ensure that relevant conditions were applied.

Cllr Tony Owen stated that all that was needed existed already in the current licensing policy, and that a distinction had not been made with respect to binge drinking establishments. He expressed the view that successive Licensing Sub-Committees had chosen to ignore officer and police advice. Cllr Owen declared that the Council had not helped the police and that the matters were not just a matter of police enforcement. He felt that the Council had let the police and the public down.

The Chairman reiterated the views expressed by Cllr Rutherford that a balanced and considered approach was required. Cllr Pauline Tunnicliffe expressed the view that it may be a good idea to see what had worked in Beckenham, and transfer this to Bromley. She expressed concern over what appeared to be a problem with adequate police resource. Cllr Stephen Wells was not convinced that ideas that had worked in Beckenham could be successfully transferred to Bromley. He expressed the view that the night time economies of Beckenham and Bromley were different. He stated that a model needed to be built first, and then the plan would be to move towards the model with all relevant stakeholders doing their part. The Chairman commented that it was possible that areas of good practice in Beckenham could be transposed to Bromley.

Councillor Alexa Michael, the Chairman of the Public Protection and Safety PDS Committee asked to what degree drugs and other substances such as legal highs contributed to anti-social behaviour. PC Booth responded that there were some individuals who combined alcohol with drugs such as cocaine, and they could make them volatile and violent.

Cllr Russell Mellor was of the opinion that Bromley was close to saturation point as far as off licences were concerned, and that most drunks emanated from the bars rather than the restaurants. He suggested that when granting licences for restaurants, it may be prudent to incorporate time restrictions on the serving of alcohol as part of the licence. Cllr Ian Payne wanted to see more engagement with street pastors, and tougher enforcement against those who caused ASB. The Chairman felt that more reviews were required, and that there was a need to take more action.

Cllr Nicholas Bennett felt that the statistics mirrored what was going on in the rest of the country and felt that Members would benefit from a deeper view of the statistics. He advocated the promotion of more restaurants in Bromley which would encourage more adults into the night time economy. It was always the case that the responsible authority could repeal a decision if required, and a premises could always be called in for review if required.

Cllr Bennett also questioned whether all the effort that was being put into achieving the purple flag status was really beneficial. Cheryl Curr responded that the Purple Flag award took into consideration various factors such as footfall, revenue generated, and crime reductions. These factors would be evaluated before the Purple Flag scheme could be awarded. The cost for an application was £1,500. Cllr Payne stated that the award was nationally recognised and took into account levels of crime and wellbeing; it was a scheme that businesses were investing in and it was good for the marketing of the Beckenham economy.

Cllr Charles Rideout expressed concern about the lack of resources available to the police, and stated that LBB should support the police in any way they could. Cllr Brooks stated that LBB should promote rather than just threaten, and Cllr Colin Smith countered that what was required was simply greater enforcement and more reviews.

Cllr Tunnicliffe asked how long it took to arrange a review. Mr Lehane responded that it took time for the Police to gather robust evidence which would allow Members to make the right decisions. In case of serious crime the Police could apply for an "Expedited" review, the first hearing of which took place within two days and the full hearing within 28 days. A standard review application would be determined within two months.

The Chairman enquired if there were any establishments that were getting near to the stage when a review was likely. There was such a premises that was getting close to that stage and the details were noted.

The Chairman concluded with the following points:

- More reviews were required
- A tougher message needed to be sent out concerning crime and disorder
- There was a requirement for serious enforcement
- Marshalling was to be encouraged
- Yellow Lines to be removed that hindered cab ranks, and cab ranks/boxes to facilitate parking for cabs
- LBB had to act robustly with partners

RESOLVED that the Police update be noted.

93 LICENSING ACT 2003: DRAFT LICENSING POLICY 2016 - 2021
Report ES15039

The Committee considered a report setting out a new draft statement of Licensing Policy as part of the statutory five yearly review – a draft policy was ready for public consultation.

RESOLVED that subject to correction of any minor errors the draft statement of Licensing policy be agreed for public consultation.

94 DRAFT GAMBLING POLICY 2016 - 2019 - GAMBLING ACT 2005
Report ES15055

The Council's Gambling Policy was due for review and a draft of the policy for 2016/19 was circulated. This had been revised to meet current guidance, license conditions and the code of practice from the Gambling Commission. It was proposed that the revised policy would be made available for public consultation until 30th August 2015.

RESOLVED that

(1) The draft gambling policy attached to the report be subject to public consultation until 30 August 2015.

(2) Feedback from the consultation be received at the next meeting on 17 September 2015.

95 FEEDBACK ON 2015 UK PARLIAMENTARY (GENERAL) ELECTION
Report DCS15092

The Committee received a report from the Acting Returning Officer, the Chief Executive, giving them feedback on key issues relating to the UK Parliamentary (General) Election held on 7th May 2015. The report covered Registering to Vote (this was the first major election since the introduction of Individual Electoral Registration in June 2014), nominations and candidates, ballot papers, postal voting, proxy voting, polling places, polling day, tellers, the count, appointment, training and payment of staff and post-count issues.

Members raised the following issues –

- In connection with the change of a polling place from Southborough Primary School to Southborough Lane Baptist Church, it was suggested that posters should be put up at the old venue to re-direct voters.
- There were occasions when the same polling place was used, but arrangements were poorer following a change in management at the

venue – such as at La Fontaine Primary School (previously the Education Development Centre.) The polling station had been moved to the rear of the building and the car park had not been open. The Chief Executive responded that he was aware of the issues, and had been given assurances before the Election which had not been carried out.

- At the Pickhurst Schools site, there had still been confusion about the polling stations for the two wards, despite additional notices being put up. There had also been an issue with posters from a school project on the General Election.
- There were reports that polling staff had encouraged voters to leave their voting cards behind in the polling booth, or had collected cards, frustrating the tellers. At one station a number of discarded poll cards had been found in the toilets. The Acting Returning Officer emphasised that poll staff were strictly neutral, and that the role of tellers was covered in the training provided to all staff. Staff were encouraged to collect discarded poll cards for safe disposal, but not to ask voters to hand them in.
- A Member commented that schools were intended to be secure places where children could be safely educated without distractions. It was unfortunate that schools had to be used for the election, and disruption or closures had to be minimised. The Chief Executive stated that schools were always kept open if possible, but that the safety of the children was paramount.

The Chairman commented that the counts in Bromley had taken considerably longer than in some constituencies, but he had been assured that staffing resources were not a problem in Bromley. The Chief Executive apologised for the problems that had delayed the conclusion of the Orpington count.

RESOLVED that the contents of the report be noted and the Committee's thanks to the Acting Returning Officer and his staff for a well-run election be recorded.

96 SHARED PARENTAL LEAVE POLICY

The Shared Parental Leave Regulations were a new legal entitlement for eligible parents of babies that were due, or children placed for adoption, on or after the 5th April 2015. The Regulations provided an opportunity for parents to take advantage of additional flexibility in the way they chose to care for a new arrival to the family. All eligible employees had a statutory right to take Shared Parental Leave (SPL). In addition, subject to meeting specific eligibility criteria, there might be an entitlement to some Shared Parental Pay (ShPP).

The report provided details of the Regulations and sought Members' approval of a Council Policy to ensure that the Council discharged its statutory duties

as an employer and that applications for SPL and ShPP were processed consistently and equitably.

RESOLVED that the Shared Parental Leave policy in respect of all staff employed by the Council and Local Authority including those staff in Community and Voluntary Controlled maintained schools be agreed.

97 PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 19TH MAY 2015

The minutes of the meeting of the Pensions Investment Sub-Committee held on 19th May 2015 were received.

98 APPEALS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 5th JUNE 2015, EXCLUDING EXEMPT INFORMATION

The minutes of the meeting of the Appeals Sub-Committee held on 5th June 2015 (excluding exempt information) were received.

99 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 item of business referred to 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.

**The following summary
refers to matters
involving exempt information**

100 APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 5TH JUNE 2015

The exempt minutes of the Appeals Sub-Committee meeting held on 5th June 2015 were received.

The Meeting ended at 8.57 pm

Chairman

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Report No.
FSD 15048

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: General Purposes & Licensing Committee

Date: 17th September 2015

Decision Type: Urgent Non-Executive Non-Key

Title: **AUDIT OF FINANCIAL STATEMENTS 2014/15**

Contact Officer: Tracey Pearson, Chief Accountant
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 This report sets out the Council's 2014/15 statutory accounts for approval by Members in accordance with the requirements of the Accounts and Audit (England) Regulations 2011. The report also details the conclusions and significant issues arising from the work carried out in relation to the audit of the 2014/15 accounts.
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2. **RECOMMENDATION(S)**

2.1 **The Committee is requested to:**

- (a) Approve the Council's statutory accounts for 2014/15;**
- (b) In accordance with the requirements of the Accounts and Audit (England) Regulations 2011, following approval, the Chairman of this Committee shall sign and date the statutory statements on page 1 as a formal record of the Committee's approval;**
- (c) Consider the external auditors' report;**
- (d) Confirm agreement with the auditors' conclusion on their independence and objectivity;**
- (e) Authorise the Chairman of this Committee to sign the letter of representation for 2014/15 on behalf of the Council;**
- (f) Approve the Annual Governance Statement which accompanies the statutory statement of accounts.**

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: £125m 2014/15 budget (excluding GLA precept)
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): 3,760 full-time equivalent posts (per 2014/15 Budget), which includes 1,777 for delegated budgets to schools.
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000; the Accounts and Audit (England) Regulations 2011 and the Local Government Act 2002.
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2014/15 final accounts reflect the financial impact of the Council's strategies and service plans 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: Council wide

3. COMMENTARY

- 3.1 The Accounts and Audit (England) Regulations 2011 require the Accounts to be considered and approved by resolution of a Committee or Full Council no later than 30th September. Following approval, the Statement of Accounts must be signed and dated by the person presiding at the meeting at which that approval was given.
- 3.2 The Regulations specifically require authorities to prepare the accounts by 30th June and that the responsible financial officer sign, date and certify that the Statement of Accounts present a true and fair view of the financial position of the Authority and of the Authority's income and expenditure for the year. The responsible financial officer must re-certify the presentation of the Statement of Accounts before this Committee approves it.
- 3.3 The external auditors, PricewaterhouseCoopers LLP (PWC), have issued their report on the Financial Statements and Accounts for 2014/15, comprising the Council's main financial statements and Pension Fund accounts. A copy of this report is attached at appendix 1 and includes the findings from the interim and final audits and recommendations for improvement.
- 3.4 The draft accounts were approved by the Director of Finance on 19th June 2015. At the time of writing, the auditors anticipate issuing an unqualified audit opinion on the financial statements, including the Pension Fund accounts.
- 3.5 The auditors are required to report all uncorrected misstatements identified during the course of the audit, other than those of a trivial nature. In 2014/15, there are no non-trivial uncorrected misstatements to disclose.
- 3.6 Some minor presentational changes were agreed and the financial statements have been updated accordingly. None of these matters have an impact on the Council's revenue accounts or general fund balance.
- 3.7 Accounting standards require that the auditors identify any relevant matters relating to the audit that should be brought to the attention of this Committee. The auditors' report identifies five relevant accounting matters:
- (i) medium term financial strategy;
 - (ii) depreciation of fixtures and fittings;
 - (iii) valuation of the Council's PPE and investment properties;
 - (iv) non-current assets held for sale;
 - (v) pensions liability on the Council's balance sheet.

These items are detailed on pages 10 to 12 of the auditors' report. Overall, the auditors are comfortable with the reasonableness of assumptions used and have determined that there is no material impact on the Statement of Accounts arising from these matters.

- 3.8 The auditors are required to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. Audit Commission guidance includes two criteria:
- (i) the organisation has proper arrangements in place for securing financial resilience;
 - (ii) the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

At the time of writing, the auditors anticipate issuing an unqualified value for money conclusion. However, the following matter has been identified which is required to be brought to the attention of this Committee:

- (i) the Authority will need to ensure that actions are underway to resolve the budget gap as identified by the medium term financial strategy;

- 3.9 The auditors' report also reviews accounting systems and systems of internal control and reports on weaknesses in the accounting and internal control systems identified during the audit. A summary of control recommendations is included on pages 19 to 22. There are no significant issues identified which require the attention of this Committee.
- 3.10 The duty to appoint auditors to Local Authorities is a statutory function of the Audit Commission and 2014/15 is the seventh and final year that the audit will be undertaken by PricewaterhouseCoopers LLP (PWC). In September 2014 the Audit Commission wrote to the Council to consult on the appointment of KPMG LLP as Bromley's external auditor from 1st April 2015. The Audit Commission confirmed the appointment in December 2014. Following the closure of the Audit Commission, a new local audit framework came into effect from 1st April 2015. A new body, Public Sector Audit Appointments Ltd (PSAA), is now responsible for appointing auditors to local government, setting audit fees and certification of housing benefit subsidy claims.
- 3.11 The auditors' report details on pages 15 and 17 the requirement for annual disclosure of all relationships between PWC (and associated entities) and the Authority that may reasonably be thought to bear on their independence and objectivity. In conclusion they have confirmed, in their professional judgement, compliance with UK regulatory and professional requirements and that their objectivity is not compromised. This Committee is requested to consider the matters detailed in the auditors' report and confirm agreement with their conclusion on independence and objectivity.
- 3.12 In accordance with the Accounts and Audit (England) Regulations 2011 the Director of Finance, as responsible financial officer, has authenticated and signed the amended accounts and the authorised for issue date has been updated to 17th September 2015. The audited Statement of Accounts, accompanied by the Annual Governance Statement, is attached at appendix 2.
- 3.13 The Council's Accounts and related records were made available for public inspection for 20 working days between 3rd August 2015 and 28th August 2015. This is a requirement of the Regulations and must take place prior to the completion of the audit. The auditor will report verbally should any objection be made.
- 3.14 Members will be aware of the objections made to the 2012/13 and 2013/14 accounts with regard to the Council's parking enforcement contract, bailiff fees and London councils. At the time of writing, the objections have not yet been concluded and the auditor will provide a verbal update as to the status of the work concerning the objections.
- 3.15 The Council must publish its audited 2014/15 Accounts by 30th September 2015. In June 2014 Government issued a consultation setting out draft Regulations proposing an earlier timetable for the publication of both pre-audited and audited accounts. The proposals were implemented under the Accounts and Audit Regulations 2015. The pre audited accounts must be signed and certified by the Responsible Financial Officer by 31st May (currently 30th June) and the audited accounts must now be published by 31st July (currently 30th September). This will be effective from the 2017/18 accounts although authorities are encouraged to move to this new timetable as soon as practicable.

Changes to the arrangements for Public Inspection are effective from the 2015/16 financial year. Whilst Government acknowledge the significant challenge that this will involve for both authorities and auditors, the period of notice is intended to allow time to make the necessary changes to processes and systems.

- 3.16 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 2014/15 (the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA) under the oversight of the Financial Reporting Advisory Board. The Code requires authorities to produce accounts based on International Financial Reporting Standards (IFRS) while at the same time recognising the particular position of local government where legislative requirements override accounting principles in some areas.
- 3.17 The sections that follow provide a brief commentary on the main points to note in the Accounts.
- 3.18 Movement in Reserves Statement (MIRS)
- 3.18.1 This statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (those that can be applied to fund the provision of services) and 'unusable reserves' (those that an Authority is unable to utilise to provide services).
- 3.18.2 The crucial line in the MIRS is the one containing adjustments between the accounting basis and funding basis under regulations. The Comprehensive Income and Expenditure Statement (CI&E Statement) is prepared wholly in accordance with accounting standards but local authorities are subject to specific rules and statutory requirements which, in significant instances, differ substantially from proper accounting practices particularly in relation to capital accounting and retirement benefits. This line reconciles the surplus or deficit on the provision of services as detailed in the CI&E Statement with the statutory amounts required to be charged to the general fund balance for council tax setting purposes.
- 3.18.3 This statement also includes discretionary transfers between the general fund and earmarked reserves.
- 3.18.4 Usable reserves showed an overall increase of £7m in 2014/15 which was mainly due to an increase in the Capital Receipts reserve. Unusable reserves reduced by £72m which was due to reductions to the capital adjustment account (£30m), the revaluation reserve (£36m) and the Pension Fund reserve (£8m), offset by minor increases to other unusable reserves of £2m.
- 3.18.5 The movement on the pension fund reserve was due to a rise in the net liability from £140m to £148m. This was mainly due to interest on liabilities being higher than interest on assets.
- 3.18.6 The reduction of £30m on the Capital Adjustment Account was the result of a number of accounting entries relating to the depreciation and impairment of non current assets and the write-off of asset values on disposal or sale offset by capital grants and other sources of capital financing.

3.18.7 The reduction of £36m on the Revaluation Reserve was made up of an increase of £9m in respect of revaluation gains in the year and a reduction of £45m in respect of previous gains written out on impaired assets and asset disposals.

3.19 The Comprehensive Income and Expenditure Statement (CI&E Statement)

3.19.1 This statement provides a summary of the resources generated and consumed in providing services during the year. It is intended to show the annual activity of the Council in line with accounting practice before allowing for the requirements of statute that certain costs should or should not fall on council tax. This statement reveals a deficit for the year of £65m.

3.19.2 Pensions costs, as defined by International Accounting Standard 19 (IAS19 – formerly FRS17) account for a deficit of £26m, mainly the result of the re-measurement of the net liability, net pensions interest costs and other charges. There is a deficit of £55m in respect of the accounting treatment for the non-current assets of schools that became academies during the year.

3.19.3 The deficit reflected on the CI&E Statement for the year is offset by the movement shown in the MIRS, as detailed within note 7 of the Accounts and section 3.18 above. These two statements should be considered together and the overall position is summarised on page 15 of the accounts. The result is an overall increase in the Council's general fund balance and earmarked reserves of £1m.

3.19.4 The Statement of Accounts reflects the 2014/15 outturn position for both capital and revenue, as reported to the Executive in June 2015, in the required statutory format. As stated in para 3.16, the Council has very little discretion over the format of the accounts. The overall outturn position for 2014/15 was reported to the Executive on 10th June 2015 with more detailed information being reported to individual Portfolio Holders for their respective service areas. This report identified the key cost variations compared with the 2014/15 budget. Details of variations relating to the 2014/15 capital programme outturn were also reported to the Executive in June 2015 and there was no requirement to use General Fund balances to support the capital programme in 2014/15.

3.20 Balance Sheet

3.20.1 The balance sheet provides a snapshot of the Council's financial position, its assets and liabilities, at 31st March 2015. Compared to the position in 2014, Property Plant & Equipment asset values reduced by £87m, mainly as a result of the de-recognition of assets disposed of during the year (£57m mostly relating to academy transfers), additions £13m, depreciation (£8m) and impairment losses (£42m). In addition the Council's investment properties increased by £25m. The Council's assets are valued on different bases depending on the type of asset, as described in accounting policy 17.

3.20.2 Other significant variations between the 2014 and 2015 Balance Sheet dates include a £157m increase in the value of long term investments (1 year or more to maturity), offset by a £47m reduction in the value of investments classified as cash equivalents (instant or easy access) and a reduction of £100m in short term investments (1 year or less to maturity).

3.20.3 The net Pension Fund liability has increased by £8m, mainly the result of interest on liabilities being higher than interest on assets as referred to in para 3.18.5 above. Proper accounting practice requires that the actuarially calculated fund deficit, in relation to Bromley's employees and pensioners, is disclosed on the face of the Council's Balance

Sheet. The net liability of £148m represents the difference between the bid value of assets and the value of liabilities based on a valuation carried out by the Actuary as at 31st March 2015 in accordance with the requirements of IAS19. This is different from the Actuary's triennial valuation (most recently as at 31st March 2013) 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 clear the deficit over a 15 year period from 1st April 2014.

3.21 Cash Flow Statement

3.21.1 The cash flow statement summarises all the cash flows from the Council's activities.

3.22 Notes to the Main Statements

3.22.1 The notes to the Accounts are grouped together at the end of the main statements rather than following each statement individually.

3.23 Pension Fund Accounts

3.23.1 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.

3.23.2 During 2014/15 the net assets of the Fund increased by £117m, due to contributions and other income exceeding the cost of benefits and other payments by £5m and a net gain on investments of £112m.

3.23.3 The Fund actuary values the fund every three years and the most recent full valuation was carried out during 2013/14 on the position at 31st March 2013. The actuary found a solvency level of 82%, a reduction of 2% compared to the position at the 31st March 2010. The next full valuation (as at 31st March 2016) will be carried out by the actuary during 2016/17 and this will determine a revised Fund position and will set employer contribution rates for the three years 2017/18, 2018/19 and 2019/20.

3.23.4 The Accounts also include disclosures in relation to the Bromley part of the Fund, which are based on the assumptions used in the 2013 valuation. Note 45 of the Statement of Accounts explains the IAS19 valuation basis used to prepare the Authority's accounts – this uses different assumptions from those used in the triennial valuation.

3.24 Annual Governance Statement (AGS)

3.24.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. Regulation 4(4) of the Accounts and Audit (England) Regulations 2011 requires that the AGS "accompanies" the Statement of Accounts. Regulation 4(3) of the Regulations requires that the AGS should be considered and approved by a Committee or Full Council.

3.24.2 The draft AGS was approved by Audit Sub Committee on 25th June 2015. No amendments were identified during the audit and this Committee is requested to formally approve the audited AGS which will be published alongside the Statement of Accounts.

4. FINANCIAL IMPLICATIONS

- 4.1 The final revenue and capital outturn for 2014/15 were reported to the Executive on 10th June 2015. Members are referred to these reports for detailed information on variations from approved budgets.
- 4.2 Details of external audit fees, including PWC and the Audit Commission, are set out in note 35 of the financial statements and totalled £192k in 2014/15 (£212k in 2013/14). The 2014/15 fee includes costs of £14k (£20k in 2013/14) relating to the outstanding objections although this cost has not yet been finalised as the work is ongoing.
- 4.3 This report refers to matters reflected in the auditors' report. There are no adjustments to the accounts that have an impact on the Council's revenue outturn position and general fund balance for 2014/15. Accordingly, there is no impact on the level of reserves previously reported to the Executive in the Provisional Final Accounts report on 10th June 2015.

5. LEGAL IMPLICATIONS

- 5.1 The Accounts and Audit (England) Regulations 2011 require the Statement of Accounts to be signed and dated by the responsible financial officer by 30th June immediately following the end of the financial year and subsequently to be considered and approved by a Committee of the Council, or by the Council meeting as a whole, before 30th September.

Non-Applicable Sections:	Policy, Personnel
Background Documents: (Access via Contact Officer)	Provisional Final Accounts – Executive 10th June 2015; Capital Programme Outturn – Executive 10th June 2015; Code of Practice on Local Authority Accounting in the United Kingdom 2014/15; Service Reporting Code of Practice 2014/15; The Accounts and Audit Regulations 2015; Final accounts supporting papers are held in the Technical and Control (Accountancy) Team.

London Borough of Bromley

Report to those charged with governance

Report to the General Purposes and Licensing Committee of the
Authority on the audit for the year ended 31 March 2015 (*ISA
(UK&I) 260*)

Government
Industry Group

September 2015

Contents

<i>Executive summary</i>	1
<i>Audit approach</i>	2
<i>Significant audit and accounting matters</i>	10
<i>Internal controls</i>	19
<i>Risk of fraud</i>	23
<i>Fees update</i>	25
<hr/>	
Appendices	
<i>Appendix 1: Summary of uncorrected misstatements</i>	27
<i>Appendix 2: Letter of representation</i>	28

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement.

Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Executive summary

Background

This report tells you about the significant findings from our audit of the London Borough of Bromley (“the Authority”) and the London Borough of Bromley Pension Fund (“the Pension Fund”).

We presented our plan to the Audit Sub-Committee of the London Borough of Bromley (“the Authority”) in April 2015, which as part of its remit considers external audit and is a sub-committee of the General Purposes and Licensing Committee

We have reviewed the plan and concluded that it required amendment to reflect the audit work undertaken during our planning and interim visits. Several changes have been made to our risk assessment upon receipt of the financial statements for 2014/15 and completion of our detailed audit work. These are explained on pages 2 and 5.

Audit Summary

We have completed the majority of our audit work and expect to be able to issue an unqualified audit opinion on the Statement of Accounts on 28 September 2015.

The key outstanding matters, where our work has commenced but is not yet finalised, are:

- outstanding bank and investment confirmations;
- testing of inputs used for the Authority’s valuation of Property, Plant and Equipment (“PPE”);
- review of the unvalued portion of PPE;
- approval of the Statement of Accounts and letters of representation;
- completion procedures including subsequent events review; and

London Borough of Bromley

- finalising our audit file.

There are 5 key accounting issues which require those charged with governance’s attention – further details are set out commencing on page 10.

This is the final year of the Audit Commission framework contract and therefore our final year as your external auditor. On 1 April 2015, the Audit Commission ceased to exist. A novation of the original contract was signed, whereby these responsibilities have transferred to the Public Sector Audit Appointments Limited (“PSAA”). Therefore, all references to Audit Commission and PSAA in this report refer to the same body.

We remain committed to providing you with a high quality service and will work with your incoming auditors to ensure a smooth transition.

Please note that this report will be sent to the Audit Commission in accordance with the requirements of its standing guidance.

We look forward to discussing our report with you on 17 September 2015. Attending the meeting from PwC will be Katy Elstrup and Charlie Martin.

Acknowledgements

We would like to thank Pete Turner, Tracey Pearson, Pinny Borg, Martin Reeves and their team for the considerable help and assistance provided to us during the audit.

We thank the management and staff of the Authority for their co-operation and assistance during the course of our term of appointment.

We note that the first draft of the accounts provided to us at the commencement of the audit was of a good quality. The working papers supporting the audit trail from the general ledger to the accounts were also of good quality.

We were able to complete our audit work in accordance with the timetable we agreed with management, subject to the outstandings identified on the previous page. Audit queries were answered promptly.

Audit approach

Main Authority

Our audit approach was set in our audit plan which we presented to the Audit Sub-Committee in April 2015.



Since we communicated our audit plan, we have amended our audit approach for the main Authority to reflect the changes described in the table below:

Risk	Risk Level	Response to new risk/change in risk level	Reason for change
Valuation of Property, Plant and Equipment ('PPE') and Investment Properties	Original – Elevated	The response to the risk remains the same as detailed in our audit plan.	The risk was revised following discussion with the Audit Commission.
	Revised – Significant	However, due to the change in the risk, the extent of work carried out has increased in order to be able to give a higher level of assurance to address the increased risk level. Our full response to the risk is detailed on page 4.	This is due to the size of the balances relative to the rest of the balance sheet and also the judgements applied in determining the valuation of the balances.
Valuation of diversified growth funds	Original – Normal	The response to the risk remains the same as detailed in our audit plan.	We became aware during the audit work that these types of investment are now held by the Authority.
	Revised – Elevated	However, due to the change in the risk, the extent of work carried out has increased in order to be able to give a higher level of assurance to address the increased risk level. Our full response to the risk is detailed on page 5.	These assets tend to be inherently risky to value, include high estimation techniques and are subject to judgement by the fund managers when valuing the assets.

We have summarised on the next page the significant and elevated risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

Risk	Categorisation	Audit approach	Results of work performed
Risk of management override of controls	Significant	<p>As part of our assessment of your control environment we considered those areas where management could use discretion outside of the financial controls in place to misstate the financial statements.</p> <p>We performed procedures to:</p> <ul style="list-style-type: none"> • review the appropriateness of accounting policies and estimation bases, focusing on any changes not driven by amendments to reporting standards; • test the appropriateness of journal entries and other year-end adjustments, targeting higher risk items such as those that affect the reported deficit/surplus; • review accounting estimates for bias and evaluate whether judgment and estimates used are reasonable (for example, pension scheme assumptions, valuation and impairment assumptions); • evaluate the business rationale underlying significant transactions outside the normal course of business; and • perform unpredictable procedures targeted on fraud risks. 	<p>We did not identify any issues to report to you as a result of our work.</p> <p>Key areas of judgement considered during our work are discussed in the section “Audit and accounting matters” on page 10.</p>

Risk	Categorisation	Audit approach	Results of work performed
Risk of fraud in revenue and expenditure recognition	Significant	<p>We perform detailed testing of revenue and expenditure transactions, focussing on the areas we consider to be of greatest risk. These are detailed below along with the financial statement assertions:</p> <ul style="list-style-type: none"> • sales, fees and charges – cut-off and existence and occurrence; • NNDR amounts retained by the Authority – cut-off and existence and occurrence; and • non-payroll expenditure – completeness, cut-off and existence and occurrence. <p>We have:</p> <ul style="list-style-type: none"> • evaluated the accounting policies for income and expenditure recognition to ensure that these are consistent with the requirements of the Code of Practice on Local Authority Accounting; • conducted tests of detail to obtain a high level of assurance over the significant risk areas described above; • conducted test of details over accounting estimates for income and expenditure; and • obtained an understanding and evaluated the controls relevant to the significant risks described above. 	We did not identify any issues to report to you as a result of our work.
Valuation of Property, Plant and Equipment ('PPE') and Investment Properties	Significant	<p>We have:</p> <ul style="list-style-type: none"> • challenged how management has satisfied itself that the key assumptions driving the revaluation of PPE and Investment Properties at 31 March 2015 are appropriate for the circumstances of the Authority; • utilised our own valuation experts to review the work of the valuation experts engaged by the Authority; • tested the source data used by the valuation experts engaged by the Authority; and • challenged how management has satisfied itself that the element of PPE portfolio not subject to a formal revaluation at as 31 March 2015 is materially correct. 	<p>We noted a control recommendation which we have detailed in the section "Internal Controls" on page 19.</p> <p>Key areas of judgement considered during our work are discussed in the section "Significant audit and accounting matters" on page 10.</p>

Risk	Categorisation	Audit approach	Results of work performed
Accounting for schools assets 	Elevated	<p>We have audited the Authority's approach to addressing the guidance in the LAAP 101 bulletin.</p> <p>We have checked that the Authority has obtained sufficient evidence to enable it to form a conclusion as to whether the non-current assets of individual schools should be included within its balance sheet.</p>	We did not identify any issues to report to you as a result of our work.
Valuation of diversified growth funds 	Elevated	<p>We have:</p> <ul style="list-style-type: none"> • reviewed the investment portfolio to consider the extent of diversified growth funds held; and • agreed the value assigned to the diversified growth funds by the fund managers. 	We did not identify any issues to report to you as a result of our work.

Pension Fund

Our audit approach was set in our audit plan which we presented to the Audit Sub-Committee in April 2015.

Since we communicated our audit plan, we have amended our audit approach to reflect the changes described in the table below:

Risk	Risk Level	Response to new risk/change in risk level	Reason for change
Risk of fraud in revenue recognition	Original – Normal	Our full response to the risk is detailed on page 8.	Under ISA (UK&I) 240 there is a presumption that there are risks of fraud in revenue recognition.
	Revised – Significant		Previously, practice note 15 as issued by the Financial Reporting Council, stated that revenue recognition is not deemed to be a significant risk on pension fund audits, as the revenue is predictable in nature. However, we have reassessed our approach and consider it reasonable to focus on the recognition of contributions around year-end as we consider these to represent a significant risk.

We have summarised on the next page the significant and elevated risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

Risk	Categorisation	Audit approach	Results of work performed
Risk of management override of controls ▶	Significant	<p>As part of our assessment of your control environment we considered those areas where management could use discretion outside of the financial controls in place to misstate the financial statements.</p> <p>We performed procedures to:</p> <ul style="list-style-type: none"> • review the appropriateness of accounting policies and estimation bases, focusing on any changes not driven by amendments to reporting standards; • test the appropriateness of journal entries and other year-end adjustments, targeting higher risk items such as those that affect the reported deficit/surplus; • review accounting estimates for bias and evaluate whether judgment and estimates used are reasonable (for example pension scheme assumptions, valuation and impairment assumptions); • evaluate the business rationale underlying significant transactions outside the normal course of business; and • perform unpredictable procedures targeted on fraud risks. 	We did not identify any issues to report to you as a result of our work.
Risk of fraud in revenue recognition ▶	Significant	<p>We have performed detailed testing of revenue transactions, focussing on the areas we consider to be of greatest risk. This is over contributions around year-end.</p> <p>We have:</p> <ul style="list-style-type: none"> • evaluated the accounting policies for income recognition to ensure that these are consistent with the requirements of the Code of Practice on Local Authority Accounting; • conducted tests of detail to obtain a high level of assurance over the significant risk areas described above; • conducted test of details over accounting estimates for income; and • obtained an understanding and evaluated the controls relevant to the significant risks described above. 	We did not identify any issues to report to you as a result of our work.

Risk	Categorisation	Audit approach	Results of work performed
Valuation of diversified growth funds	Elevated	We have: <ul style="list-style-type: none">• reviewed the investment portfolio to consider the extent of diversified growth funds held; and• agreed the value assigned to the diversified growth funds by the fund managers.	We did not identify any issues to report to you as a result of our work.

Intelligent scoping

In our audit plan presented to the Audit Sub-Committee in April 2015 we reported our planned overall materiality which we used in planning the overall audit strategy.

Our materiality varied upon receipt of the draft 2014/15 financial statements as our planned overall materiality was based upon the 2013/14 financial statements. It is confirmed that the change has not had a significant effect on our testing strategy for either the main audit or the Pension Fund.

Our original and revised materiality levels are as follows:

	Benchmark	Planned overall materiality	Final audit overall materiality	Planned clearly trivial reporting de minimis	Final audit clearly trivial reporting de minimis
		(£)	(£)	(£)	(£)
Main Authority	2% Total Expenditure	12,900,00	12,500,000	645,000	625,000
Pension Fund	2% Net Assets	12,700,00	11,875,000	500,000	500,000

Overall materiality for the main Authority audit has been set at 2% of actual expenditure for the year ended 31 March 2015.

Overall materiality for the Pension Fund audit has been set at 2% of net assets for the year ended 31 March 2015.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial” i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We agreed the de minimis threshold with the Audit Sub-Committee at its meeting in April 2015. The Authority de minimis threshold has been revised down in line with the movement in final audit overall materiality. The Pension Fund de minimis level remains unchanged.

Significant audit and accounting matters

Accounts

We have completed our audit, subject to the following outstanding matters:

- outstanding bank and investment confirmations;
- testing of inputs used for the Authority's valuation of Property, Plant and Equipment ("PPE");
- review of the unvalued portion of PPE;
- approval of the Statement of Accounts and letters of representation;
- completion procedures including subsequent events review; and
- finalising our audit file.

Subject to the satisfactory resolution of these matters, the finalisation of the Statement of Accounts and the approval of these, we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we have also examined the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and anticipate issuing an opinion stating in our view they are consistent with the Statement of Accounts.

Accounting issues

Auditing Standards require us to tell you about relevant matters relating to the audit of the Statement of Accounts sufficiently promptly to enable you to take appropriate action.

We identified five accounting issues during the course of our work that we wish to draw to your attention. These all relate to the main audit and no issues are raised here with regards to the Pension Fund.

- Medium term financial strategy;
- Depreciation of fixtures and fittings;
- Valuation of the Authority's PPE and Investment Properties;
- Non-current assets held for sale; and
- Pension liability on the Authority's balance sheet.

Medium term financial strategy

As we reported in the prior year and in our audit plan, the Authority has set out a financial strategy from 2015/16 to 2018/19. There is a notable "budget gap" in the financial forecast up until 2018/19 as reported to the Executive in February 2015 and detailed below:

Financial year	Cumulative budget gap (£m)
2015/16	0.0
2016/17	20.6
2017/18	40.0
2018/19	52.0

We are aware the Authority is in the process of determining actions to reduce the Authority's medium term "budget gap". In addition, the Authority is updating its financial strategy in light of the Summer 2015 Budget, with a view to further updating it to take into account the Spending Review when published in November 2015 and the Local Government Finance Settlement in December 2015.

However, there are still outstanding issues and areas of uncertainty remaining in closing the budget gap in 2016/17 and beyond. We have made a recommendation as part of our Value for Money duties on page 18 to management to continue to ensure actions are underway.

Depreciation of fixtures and fittings

The Authority accounts for fixtures and fittings by capitalising these when they are initially acquired as part of a new-build or the fit out of a building but then not charging depreciation on these assets in subsequent years.

Instead, subsequent expenditure on fixtures and fittings is charged directly to the comprehensive income and expenditure statement (“CI&E”) and the value of the fixtures and fittings initially capitalised moves in accordance with re-valuation movements on the buildings in which the fixtures and fittings are located.

Whilst this is not the correct way to account for fixtures and fittings we have discussed this with management and are comfortable that the potential impact on the balance sheet and CI&E is immaterial. The balance on the re-valuation reserve in relation to fixtures and fittings is £nil and the charge to the CI&E for spend on fixtures and fittings in 2013/14 was £0.8m which is an immaterial balance.

Valuation of PPE and Investment Properties

In the application of the Authority’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of PPE and Investment Properties. These estimates and associated assumptions for the carrying amounts of these balances are based upon a revaluation exercise performed at year-end.

The Authority engaged its property valuer, Wilks Head & Eve LLP (“WHE”), in 2014/15 to perform a desktop year-end valuation exercise for 20% of the Authority’s PPE and to assess the unvalued 80% of the Authority’s PPE and whether a material movement had occurred. WHE also valued the Authority’s Investment Properties.

As a result of the valuation exercise, there has been a net increase in value of £25.2m for the Authority’s Investment Properties portfolio and a net decrease of £34.7m for the Authority’s PPE.

Through consultation with PwC’s valuation experts, we have concluded that the financial information derived from the valuation performed for both PPE and Investment Properties, is within an appropriate range and would not result in a material misstatement of the Authority’s financial statements.

In addition, we are aware that the Authority uses the system “Uniform” to track and monitor the gross internal area (“GIA”) of its land and buildings. However, it became apparent that the detail on Uniform is out of date and incorrect.

Although we do not believe that this causes a material variance in the financial statements, there is a risk WHE is using inaccurate information when valuing the sites for the financial statements. We have noted a control recommendation with regards to this area which we have detailed in the section “Internal Controls” on page 20.

Non-current assets held for sale

During the 2013/14 financial year, assets were classified as held for sale on the Balance Sheet, as the Authority believed that the carrying amount would be recovered principally through a sale transaction rather than through continuing use in the following 12 months after the balance sheet date. During our prior year audit, we agreed that the assets met the conditions of IFRS 5 to recognise the asset as “held for sale”.

However, several of those assets remain unsold and are still classified as an asset held for sale in the 2014/15 financial statements. Under IFRS 5, assets should only be classified as held for sale if the Authority expects to sell the assets within 12 months.

We have confirmed that the Authority continues to actively market these assets and is confident of a sale occurring within 12 months.

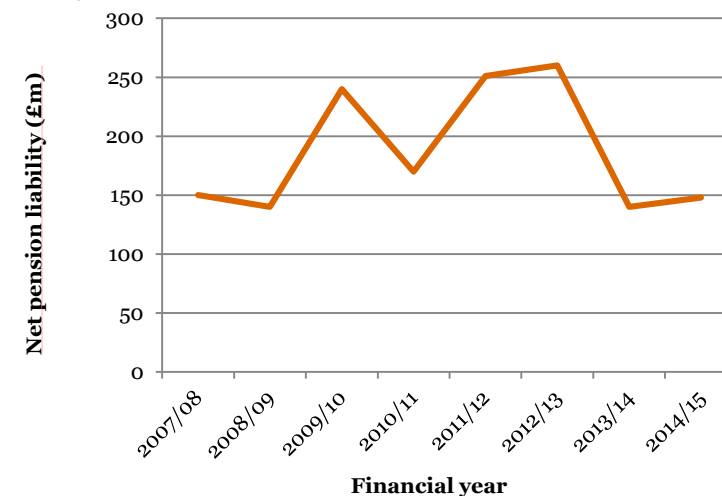
We have included a specific representation in our management representation letter to state that management is actively marketing these properties and expects them to be disposed of in the next 12 months. If the Authority is not intending to dispose of this asset, it should transfer it back to the relevant property, plant and equipment classifications.

Pensions liability on the Authority's balance sheet

The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the London Borough of Bromley Pension Fund. Your net pension liability at 31 March 2015 was £148m (2013/14: £140m). This increase was mainly due to interest on liabilities being higher than interest on assets.

The chart below shows the significant movement in your net pension liability over the last few years.

Authority net pension liability between 2007/08 and 2014/15



We utilised the work of actuarial experts to assess the assumptions underlying the pension liability and we are comfortable that the assumptions are within an acceptable range.

We audited the data supplied to the actuary on which to base their calculations, which is supplied to them by the Authority.

Lastly, we audited the value of the pension scheme assets with no issues noted.

Misstatements and significant audit adjustments

We have to tell you about all uncorrected misstatements we found during the audit, other than those which are trivial.

We are pleased to say that there are no uncorrected misstatements above our agreed reporting level to report for either the main accounts or the Pension Fund.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the Statement of Accounts. We will ask the GP&L Committee to represent to us that the selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Statement of Accounts have been considered.

We have reviewed the appropriateness and application of accounting policies in the Statement of Accounts, with no issues noted.

Judgements and accounting estimates

The Authority is required to prepare its financial statements in accordance with the CIPFA Code. Nevertheless, there are still many areas where management need to apply judgement to the recognition and measurement of items in the financial statements. The following significant judgements and accounting estimates were used in the preparation of the financial statements:

Continuing operations – There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities or for discontinued operations as it reduces levels of service provision. We have considered this as part of our value for money work.

Valuation of Property, Plant and Equipment - The Authority re-valued 20% of its land and buildings in 2014/15 in line with its accounting policy. The valuation was performed by WHE LLP. The valuation methodology includes a number of key judgements and estimates. We engaged our internal valuations experts to consider these

assumptions and estimates used in the valuations and have agreed those used to be within a reasonable range.

Valuation of Investment Properties - During the year, the Authority revalued £62.3m of its investment property portfolio and then assessed the remaining £9.3m of un-revalued properties to confirm whether there was a need to perform a revaluation (on the basis that the balance would not have moved materially from the previous valuation). The valuation was performed by WHE LLP. The valuation methodology includes a number of key judgements and estimates, including those around future income streams and property yields. We engaged our internal valuations experts to consider these assumptions and estimates used in the valuations and have agreed those used to be within a reasonable range.

Valuation of Pensions Liability - The Authority engaged the actuary Mercer Limited to estimate the value of the Pension Liability on the balance sheet at 31 March 2015. The calculation involves a number of complex judgements, including appropriate discount rates to be used, mortality rates, expected return on pension fund assets, salary changes and estimates of future retirement ages. We have considered these assumptions against actuarial guidance and have agreed those used to be within a reasonable range.

Recoverability of investment in Heritable Bank - The Authority had £5.087 million invested with the Heritable Bank at the time of the Icelandic Banking collapse. The Authority recognised an impairment of £1.64m on this investment in 2008/09, reflecting the likely recoverable amount based on CIPFA guidance at this time. As recovery estimates have improved, part-reversals of this impairment have subsequently been recognised. Since 2008/09, £4.783m of the investment has been recovered. The remaining outstanding balance is £0.3m. The Authority holds a provision of the remaining £0.3m calculated based on current CIPFA guidance.

Management representations

The final draft of the representation letter that we ask management to sign is attached in Appendix 2.

In particular, we require representation that the Authority has met the conditions attached to those assets classified as held for sale.

Financial standing

We have not identified any material uncertainties related to events and conditions that may cast significant doubt on the entity's financial standing.

Related parties

In forming an opinion on the financial statements, we are required to evaluate:

- whether identified related party relationships and transactions have been appropriately accounted for and disclosed; and
- whether the effects of the related party relationships and transactions cause the financial statements to be misleading.

We performed detailed testing over related parties including a public record search of Directors and Members (including those leaving office during the year) to identify any additional relationships by comparing related entities to supplier and customer listings.

Audit independence

We are required to follow both the International Standard on Auditing (UK and Ireland) 260 (Revised) “Communication with those charged with governance”, UK Ethical Standard 1 (Revised) “Integrity, objectivity and independence” and UK Ethical Standard 5 (Revised) “Non-audit services provided to audited entities” issued by the UK Auditing Practices Board.

Together these require that we tell you at least annually about all relationships between PricewaterhouseCoopers LLP in the UK and other PricewaterhouseCoopers’ firms and associated entities (“PwC”) and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships between PwC and the Authority

We are not aware of any relationships between PwC and the Authority that in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships and Investments

We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.

Employment of PricewaterhouseCoopers staff by the Authority

We are not aware of any former PwC partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management position covering financial, accounting or control related areas.

Business relationships

We have not identified any business relationships between PwC and the Authority.

Services provided to the Authority

The audit of the Statement of Accounts is undertaken in accordance with the UK Firm’s internal policies. The audit engagement is subject to an independent partner review of all significant judgements taken, including our reporting to the Audit Committee and a review of the annual report. The audit is also subject to other internal PwC quality control procedures such as peer reviews by other offices.

In addition to the audit of the Statement of Accounts, PwC has also undertaken other work for the Authority.

Support provided by PwC	Value (£)	Threats to independence and safeguards in place
Certification of claims and returns Our procedures will consist of certifying the 2014/15 Housing Benefit Subsidy Claim in accordance with the certified instructions issued by the Audit Commission.	20,230	Self-Review Threat: The audit team will conduct the grant certification and this has arisen due to our appointment as external auditors. There is no self-review threat as we are certifying management completed grant returns and claims. Self-Interest Threat: As a firm, we have no financial or other interest in the results of the Authority. We have concluded that this work does not pose a self-interest threat. Management Threat: PwC is not required to take any decisions on behalf of management as part of this work. Advocacy Threat: We will not be acting for, or alongside, management and we have therefore concluded that this work does not pose an advocacy threat. Familiarity Threat: Work complements our external audit appointment and does not present a familiarity threat.

		<p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat as all officers and members have conducted themselves with utmost integrity and professionalism.</p>
<p>Teachers' Pension Review</p> <p>Work outside the scope of the Audit Commission Code of Audit Practice – procedures on the 2014/15 Teachers' Pensions return.</p>	<p>8,750</p>	<p>Self Interest Threat: Fees are not material in relation to the audit fees and PwC's total income.</p> <p>Self-review Threat: This does not arise as the work we undertook provided reasonable assurance over the accuracy of the teachers' pension return for and will not be relied upon by the PwC audit team as part of the audit of the main accounts.</p> <p>Management Threat: PwC is not required to take any decisions on behalf of management as part of this work.</p> <p>Advocacy Threat: This does not arise as the work will be limited to the testing of information provided by the client and does not result in advocacy. PwC are carrying out reasonable assurance procedures and not providing assurance or advocacy on behalf of the client.</p> <p>Familiarity Threat: This does not arise as a separate team from the audit team is being used to carry out this work.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat.</p>

At the date of this report we confirm that in our professional judgement, we are independent accountants with respect to the Authority, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

Fees

The analysis of our audit and non-audit fees for the year ended 31 March 2015 is included on page 25. In relation to the non-audit services provided, none included contingent fee arrangements.

Services to Directors and Senior Management

PwC does not provide any services e.g. personal tax services, directly to directors, senior management.

Rotation

It is the Audit Commission's policy that engagement leaders at an audited body at which a full Code audit is required to be carried out should act for an initial period of five years. The Commission's view is that generally the range of regulatory safeguards it applies within its audit regime is sufficient to reduce any threats to independence that may otherwise arise at the end of this period to an acceptable level. Therefore, to safeguard audit quality, and in accordance with APB Ethical Standard 3, it will subsequently approve engagement leaders for an additional period of up to no more than two years, provided that there are no considerations that compromise, or could be perceived to compromise, the auditor's independence or objectivity.

Gifts and hospitality

We have not identified any significant gifts or hospitality provided to, or received from, a member of Authority's Executive, senior management or staff.

Conclusion

We hereby confirm that in our professional judgement, as at the date of this document:

- we comply with UK regulatory and professional requirements, including the Ethical Standards issued by the Auditing Practices Board; and
- our objectivity is not compromised.

We would ask the GP&L Committee to consider the matters in this document and to confirm that they agree with our conclusion on our independence and objectivity.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: “Delivering Good Governance in Local Government”. The AGS was included in the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE “Delivering Good Governance in Local Government” framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Economy, efficiency and effectiveness

Our value for money code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Audit Commission guidance includes two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

We anticipate issuing an unqualified value for money conclusion.

However, we have identified the following matter which we wish to bring to your attention

London Borough of Bromley

- The Authority will need to ensure actions are underway to resolve the “budget gap” as identified by its medium term financial strategy up until 2018/19.

Other reporting requirements

In auditing the accounts of a Local Authority, the auditors must consider:

- Whether we need to report on any questions or objections made to us as auditors.

We have been considering three objections in relation to the 2012/13 and 2013/14 financial statements.

This resulted in our 2012/13 and 2013/14 audits not being able to formally conclude and a certificate issued in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

We will provide a verbal update to members of the GP&L as to the status of the work over the objections, explaining that the 2014/15 certificate will remain open as a result until such time where these objections are resolved.

Internal controls

Accounting systems and systems of internal control

Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of our audit of the Statement of Accounts and our review of the annual governance statement.

Reporting requirements

We have to report to you any deficiencies in internal control that we found during the audit which we believe should be brought to your attention.

Summary of control recommendations – Main Authority

Deficiency	Recommendation	Management's response
<p>Bank mandate</p> <p>When reviewing the Authority's bank mandate, we noted one individual who is no longer at the Authority was listed as able to authorise BACS payments by phone.</p> <p>Management were aware of this point at the time of our audit and had begun the process of updating the bank mandate.</p>	<p>We recommend that the mandate is amended appropriately and is reviewed regularly in future and when relevant personnel leave to ensure signatories remain valid.</p>	<p>Agreed. Bank mandate amended and re-signed by all authorised staff.</p> <p>Target date – Completed in August 2015</p> <p>Person responsible – Principal Accountant</p>
<p>Timeliness of staff submitted overtime</p> <p>Eligible staff members are required to complete overtime submissions to be processed for payroll.</p> <p>Through our work on key payroll controls, we found one instance where a claim relating to January 2014 was not submitted until April 2014. We are comfortable with the appropriateness of the claim itself.</p> <p>However, the delay in the claim being submitted increases the risk that costs are not being fully recognised in the correct year.</p>	<p>We recommend that management should review the existing process in place and emphasise the need to officers for these submissions to be done on a timely fashion, especially in the run up to year-end.</p>	<p>Agreed, Head of Pay and Reward to issue a reminder to staff and managers.</p> <p>Target date – September 2015</p> <p>Person responsible – Head of Pay and Reward</p>
<p>Gross Internal Area and Use of Uniform</p> <p>As part of the audit of the Authority's valuation of its PPE, we validated the inputs used by WHE as part of their valuation of 20% of the Authority's land and buildings 2014/15. The Authority</p>	<p>We recommend that firstly the Authority liaises with the WHE to ensure that they have the most up to date square footage of its land and buildings.</p>	<p>1) Strategic Property did not provide access to its Uniform data base with the intention of providing GIA information. Access was supplied to provide lease information. The valuer appointed to undertake the asset</p>

provides WHE with the detailed Gross Internal Area (“GIA”) data for each site, per their estates team, and WHE use this information as part of their valuation.

Firstly, we are aware that the Authority uses the system “Uniform” to track and monitor the gross internal area of its land and buildings. However, it became apparent that the detail on Uniform is out of date and incorrect.

We therefore sought the original documentation that supported the GIA for each site. On comparison of the GIA data provided by the Authority, and the figures used in the WHE reports, we identified multiple differences. We performed an assessment of the likely magnitude these differences by calculating a £ / sq m figure for each asset and then multiplying by the difference.

Although we do not believe that this causes a material variance in the accounts, there is a risk WHE is using inaccurate information when valuing the sites for the financial statements.

Secondly, we recommend the Authority undertake an exercise to update the detail held on Uniform to ensure it is fully up to date, and kept up to date thereafter.

valuations should inspect and check the floor areas themselves (in accordance with the Valuation Brief).

2) The GIAs provided by the valuers undertaking the asset valuations will be checked against the Uniform records and reconciled. This should be referenced to a dated plan.

The reconciliation of the floor areas for the 2014/15 valuations where GIAs were used will be undertaken in September 2015. On receipt of the valuations carried out on the five year rolling programme this work will be undertaken.

We do not consider of benefit and is not cost effective to re-measure all properties and update the records in one tranche. The GIAs are only used for asset valuation purposes for operational properties and are not used for the asset valuation of most investment properties.

Person responsible – Head of Strategic Property

Summary of control recommendations – Pension Fund

Deficiency	Recommendation	Management's response
<p>Use of Pension Fund bank account</p> <p>The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 required that all pension schemes have their own bank account effective 1 April 2011.</p> <p>Specifically the regulations state the following:</p> <p><i>“On and after 1st April 2011, an administering authority must hold in a separate account kept by it with a deposit-taker in accordance with this regulation—</i></p> <p><i>(a) all monies held by the authority on that date; and</i></p> <p><i>(b) all monies received by it on or after that date for the purpose of its pension fund.”</i></p> <p>Although a separate bank account has been set up for the Fund, it is not being used.</p> <p>As a result, the Fund is not fully compliant with the requirements of the legislation.</p> <p>This is a point consistent with the prior year. We are aware management continue to monitor this and consider the case for fully using its pension fund bank account.</p> <p>It should be note that, since 1 April 2015, the Pensions Regulator now has an oversight role in relation to scheme administration and governance. As such, the Fund may be subject to increased levels of external scrutiny in future.</p>	<p>We understand from speaking with management that a cost / benefit analysis was undertaken during the year to determine if it would be effective to use the Pension Fund bank account as required. It was decided that such arrangement would be not be efficient or economical.</p> <p>We recommend that the Authority continue to assess the rationale for not using the bank account of the fund. This is because technically such an account should be as per the cited regulations.</p>	<p>A cost/benefit analysis was carried out during 2013/14 and it was reviewed during the 2014/15 closedown. It remains the view of management that there is little to be gained from using a separate Pension Fund bank account. Management are satisfied that our robust coding structure sufficiently separates out the pensions transactions in an effective manner. This will continue to be reviewed.</p> <p>Target date – Ongoing</p> <p>Person responsible – Principal Accountant</p>
<p>Pensions joiners to the pension scheme administration system</p> <p>When an officer joins the Authority, they are automatically enrolled in the Pension Fund. The officer should then have a record created on “Altair”, the Pension Fund's scheme administration system. This system is used by the actuary to provide source data for use in their triennial revaluations and is used to calculate the benefits due to members when they retire.</p> <p>Weekly reports are run from the payroll and HR system, ResourceLink to identify new members of officers and sent to the Pension Fund's</p>	<p>We recommend that the criteria used to create the ResourceLink reports sent to the Pension Fund's Administration team are updated to reflect the issues identified through our testing.</p>	<p>We have implemented a process that should mitigate any risk to the Pension Scheme associated with new starters.</p> <p>However, the case identified by the auditor was prior to the improvement being installed.</p> <p>Target date – Completed</p> <p>Person responsible – Payroll and Pension Service Delivery Manager</p>

administration team to enable them to update Altair.

Our testing identified one new officer to the Authority, who did not have an Altair record set up. Upon investigation, this was as a result of the reports not identifying all new officers. The officer started at the Authority in April 2014.

This means the Pension Fund administration data may not be up to date.

Statement of Investment Principles (“SIP”) - investment manager cash

As part of our audit, we consider whether the Pension Fund is compliant with its Statement of Investment Principles.

We found that the scheme did not comply with the requirement that only £2.5m may be held in cash at the custodian, Bank of New York Mellon (“BNYM”). This was because Baille Gifford managed cash worth £882k and MFS cash worth £3,019k which were deposit at BNYM at 31 March 2015.

MFS held in excess of £2.5m as a result of a number of purchases being made before year-end which were to be settled just after year-end and as such cash was held at BNYM until the transactions settled in April 2015.

Therefore, this was technically not in compliance with the Pension Fund’s Statement of Investment Principles. However, management consider that this limit corresponds to £2.5m per investment manager rather than in total.

The Pensions Investments Sub-Committee should consider whether it agrees that the requirement applies to each investment manager individually and thus whether the Statement of Investment Principles should be updated appropriately.

Investment Managers should be reminded of the limit on the level of cash which may be held with BNYM at any one time.

Fund managers will be reminded of the need to keep their cash holdings below £2.5m.

Target date – 30 September 2015

Person responsible – Principal Accountant

SIP will be updated and reported for approval to the Pensions Investment Sub-Committee in September 2015.

Target date – 23 September 2015

Person responsible – Principal Accountant

Risk of fraud

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of the GP&L

Your responsibility as part of your governance role is:

- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
- to investigate any alleged or suspected instances of fraud brought to your attention.

Your views on fraud

In our audit plan presented to the Audit Sub-Committee in April 2015, we enquired:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistle-blower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud is included in the letter of representation.

Conditions under which fraud may occur

Management or other employees have an incentive or are under pressure

Incentive / pressure

**Why
commit
fraud?**

Opportunity	Rationalisation/attitude
Circumstances exist that provide opportunity – ineffective or absent control, or management ability to override controls	Culture or environment enables management to rationalise committing fraud – attitude or values of those involved, or pressure that enables them to rationalise committing a dishonest act

Fees update

Fees update for 2014/15

We reported our fee proposals in our audit plan in April 2015.

Our actual fees were in line with our proposals.

Our fees to be charged are therefore:

	2014/15 outturn (£)	2014/15 fee proposal (£)
Audit work performed under the Code of Audit Practice	160,718 *	160,718
- Statement of Accounts		
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources		
- Whole of Government Accounts		
Pension Fund	21,000	21,000
Certification of Claims and Returns	20,230	20,230
Total	201,948	201,948

* The indicative scale fee includes an additional element of £1,950 for the additional work required to gain assurance over the material benefit balances in the Authority's financial statements. This fee variations proposed is subject to receiving agreement from the Audit Commission.

We planned to perform Teacher's Pension work which fell outside of the Code of Audit Practice requirements. Our proposed fee for that work is £8,750, with the work expected to commence in October 2015.

Our fee for certification of grants and claims is yet to be finalised for 2014/15 as our work is ongoing at the time of writing this report. It will be reported to the Audit Sub-Committee in March 2016 within the Certification Report to Management in relation to 2014/15 grants.

The work relating to the elector's objections to the 2012/13 and 2013/14 financial statements is ongoing and therefore the fee for this is not finalised. At the time of presenting this report, the total cost to date for this work is £39,000. We will provide a verbal update to members on the matter, addressing any questions you may have on the work ongoing as well as the costs incurred to date.

Appendices

Appendix 1: Summary of uncorrected misstatements

Main Authority Audit

Uncorrected misstatements

We are pleased to report that we do not have any misstatements which remain unadjusted.

Uncorrected disclosure adjustments

At the time of writing this report, we have yet to perform our final quality review of the final version of the financial statements. We are happy to provide a verbal update to members.

Pension Fund Audit

Uncorrected misstatements

We are pleased to report that we do not have any misstatements which remain unadjusted.

Uncorrected disclosure adjustments

At the time of writing this report, we have yet to perform our final quality review of the final version of the financial statements. We are happy to provide a verbal update to members.

Appendix 2: Letter of representation

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6NN

Dear Sirs

Representation letter – audit of the London Borough of Bromley’s (“the Authority”) Statement of Accounts for the year ended 31 March 2015

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2015 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15.

I acknowledge my responsibilities as Director of Finance for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15; in particular the Statement of Accounts give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.
- Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

- All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the authority's auditors, are aware of that information.
- I have provided you with:
 - access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts.
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

The Authority pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the schedule of contributions that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All material transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the authority participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Taxation

London Borough of Bromley

PwC • 30

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken for the authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the authority may be responsible.

Using the work of experts

I agree with the findings of Wilks, Head & Eve LLP ("WH&E"), experts in evaluating the valuation of investment property and property, plant and equipment, Mercers LLP, experts in evaluating the net pensions liability and Inform CPI Ltd, experts in evaluating the outcomes of National Non-domestic Rates appeals. I have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Pension fund assets and liabilities

All known assets and liabilities including contingent liabilities, as at the 31 March 2015, have been taken into account or referred to in the Statement of Accounts.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2015 have been properly valued and that valuation incorporated into the Statement of Accounts.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the Statement of Accounts have been disclosed to you.

Pension fund registered status

I confirm that the London Borough of Bromley Pension Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

Other than as described in the Statement of Accounts, there have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Retirement benefits

- All significant retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.
- All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.
- The authority participates in the Teachers' Pension Scheme that is a defined benefit scheme. I confirm that the authority's share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence the scheme has been accounted for as a defined contribution scheme.

Provisions

- Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the bases described in the statement of accounts and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the authority's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.
- Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the Statement of Accounts.

Assets and liabilities

- The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.
- In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- The Authority has no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- I confirm our intention to dispose of assets disclosed as assets held for sale within the next 12 months.
- The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.
- I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

Disclosures

- Where appropriate, the following have been properly recorded and adequately disclosed in the Statement of Accounts:
 - The identity of, and balances and transactions with, related parties.
 - Losses arising from sale and purchase commitments.
 - Agreements and options to buy back assets previously sold.
 - Assets pledged as collateral.
- I confirm that the Authority has recorded or disclosed, as appropriate, all formal or informal arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
- I confirm that the Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the statement of accounts all guarantees that we have given to third parties, including oral guarantees made by the Authority on behalf of an affiliate, member, officer or any other third party.

Items specific to Local Government

I confirm that the Authority does not have plans to implement any redundancy/early retirement programmes for which we should have made provision in the Statement of Accounts.

I confirm that the Authority has determined a prudent amount of revenue provision for the year under the Prudential Framework.

I confirm that the Authority has determined a proper application of the statutory provisions for the deferral of the impact of impairment losses in relation to investments held in Icelandic Banks on the General Fund balance.

I confirm that the Authority has determined a proper application of the statutory provisions for the treatment of leases that have changed status on transition to IFRS.

I confirm that the Authority has determined a proper application of the statutory provisions for the neutralisation of the impact of accumulating compensated absences on the General Fund balance.

As minuted by the General Purposes and Licensing Committee at its meeting on 17 September 2015.

.....

Director of Finance

.....

Date

.....

Chairman of the General Purposes and Licensing Committee

.....

Date

Appendix 1 – Related parties and related party transactions

The following related parties were identified during the audit. They are split by those that relate to the London Borough of Bromley and the London Borough of Bromley Pension Fund.

London Borough of Bromley

Related parties

Age Concern, Penge and Anerley	Hillside School
Alexandra Junior School	Kent Refurbishment Ltd
Association of the British Pharmaceutical Industry Regulatory Committee	Liberata
Bank on Business Export Biggin Hill Airport	London Oil & Gas Limited
Beckenham Conservative Association	Morgans Chartered Surveyors of London and Bromley
Bromley and Chislehurst Conservative Association	Old Dunstonian Association
Bromley and Downham Youth Club	Operational Assurance Ltd
Bromley and Sheppard's Colleges	Orpington Conservative Association
Bromley Arts Council	P.D. Cicoria Limited
Bromley College of Further and Higher Education	Parkmore Management Company Limited
Bromley Community Fund	Penge Churches Housing Association
Bromley Healthcare Community Interest Company	Phillips and Lubbock Foundations
Bromley Town Team	Princes Plain Primary School
Bromley Youth Music Trust	Quality Mind Limited
Bromley Youth Trust	Reddin Associates Limited
Broomleigh Housing Association (Affinity Homes Group)	Russell Mellor & Co. Ltd
Business Expo Ltd	Sanderson Hall
CarePlus	Shortlands Ward Conservative Committee
Cartwright Brothers Vintners Limited	Sports & Fitness (UK) Limited
Castlecombe Primary School	Sports & Fitness Insurance Services (UK) Limited
Catholic Union	St Mark's C.E. Primary School
Charles Darwin Academy trust	St Mary's Shortlands Parish Church Council
Chislehurst Golf Club	Talismard Properties Limited
Darrick Wood Infant School	The Alexius Press Limited
Dkc Technologies Limited	The East India Devonshire Sports and Public Schools Club Limited
Drunken Dairy	The London Mayors' Association
EISAI Europe Ltd	Thomas Stringer Charity

European Federation of Pharmaceutical Industries and Associations	Transport for London
Friends of St Mary's Church, Downe	Typing Overload Ltd
GL Hearn	Valley Primary School
Good Governance Foundation Cic	Zip Mail Limited
Greater London South East Scout Council	Zip Post Limited
Green Street Green Primary School	

Other (as per Note 38 to the Main Authority financial statements)

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from UK government departments are set out in the subjective analysis in note 30 on reporting for resource allocation decisions. Grant receipts outstanding at 31st March 2015 are shown in Note 37.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in Note 32. During 2014/15, there are no declarable related party transactions with the exception of the following:-

- a) Councillor W. Huntington-Thresher and Councillor P. Fortune are appointed board members of Broomleigh Housing Association (Affinity Homes Group) to which the Council paid £175k in 2014/15.
- b) Councillor K. Lymer is a Trustee of Bromley Youth Music Trust to which the Council paid £291k in 2014/15.
- c) Councillor M. Turner is a Trustee of Bromley & Downham Youth Club to which the Council paid £10k in 2014/15.
- d) Councillor D. Smith is a Council appointed board member of Bromley Healthcare Community Interest Company to which the Council paid £3.5m in 2014/15.
- e) Councillor P. Fookes is a Trustee of Age Concern, Penge and Anerley to which the Council paid £146k in 2014/15.
- f) Councillor Mrs E. Harmer is a Trustee of CarePlus, Bromley to which the Council paid £2.5k in 2014/15.

Officers

During 2014/15 £9.2m was paid to Liberata in payment for services in relation to the Council's exchequer contract. Liberata employs two family members of the Director of Finance, neither in a role that is specifically related to the Bromley contract.

Other Public Bodies

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

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was slightly positive and, as a result, interest of £6,862 was paid to the Fund (nil was paid in 2013/14). In 2014/15, £533k was charged to the Fund for expenses incurred in administering the Fund (£418k in 2013/14).

London Borough of Bromley Pension Fund

In addition, the following organisations are part of the London Borough of Bromley Pension Fund (as well as the London Borough of Bromley):

Primary School Academies

Alexandra Infants	Leesons Primary
Alexandra Junior	Manor Oak Primary
Balgowan Primary	Midfield Primary
Biggin Hill Primary	Parish Primary
Bromley Trust	Perry Hall Primary
Castlecombe Primary	Pickhurst Infants
Chislehurst CE Primary	Pickhurst Junior
Crofton Infants	Princes Plain Primary
Crofton Junior	Raglan Primary
Darrick Wood Infants	Scotts Park Primary
Farnborough Primary	Stewart Fleming Primary
Grays Farm Primary	St. James RC Primary
Green Street Green Primary	St John's CE Primary
Harris Aspire	St Joseph's RC Primary
Harris Crystal Palace	St Mark's CE Primary
Harris Kent House	St Mary Cray Primary
Harris Shortlands	St Mary's RC Primary
Hayes Primary	St Peter & St Paul Primary
Highfield Infants	St Philomena's RC Primary
Highfield Junior	St Vincent's RC Primary
Hillside Primary	Tubbenden Primary
Keston CE Primary	Valley Primary
La Fontaine	Warren Road Primary

Foundation Schools

Holy Innocents RC Primary	The Glebe
St Olave's & St Saviour's	

Secondary School Academies

Beaverwood	Hayes
Bishop Justus CE	Kemnal
Bullers Wood	Langley Park Boys
Charles Darwin	Langley Park Girls
Coopers	Newstead Wood
Darrick Wood	Ravens Wood
Harris Beckenham	The Priory
Harris Bromley	The Ravensbourne

Scheduled Bodies – Other

Bromley & Orpington Colleges	Ravensbourne College
------------------------------	----------------------

Admitted Bodies

Affinity Sutton	Bromley Mytime
Bromley & Lewisham MIND	Liberata UK

Other (as per Note 14 to the Pension Fund financial statements)

Four members of the Pensions Investment Sub-Committee during the year were active members of the scheme (prior to the local elections in May 2014) and two were in receipt of a pension during the year. A special responsibility allowance of £1,971 was paid to the Chairman of the Sub-

Committee in both 2013/14 and 2014/15. No other payments were made for meeting attendance.

The Council incurred costs of £534k (£418k in 2013/14) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

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

In the event that, pursuant to a request which London Borough of Bromley has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. London Borough of Bromley agrees to pay due regard to any representations which PwC may make in connection with such disclosure and London Borough of Bromley shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, London Borough of Bromley discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for London Borough of Bromley and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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**2014/15
Annual Report
and
Statement
of Accounts**

Contents

ANNUAL REPORT

Foreword from the Leader of the Council	I
Building a Better Bromley	III
Development Control Committee	IX
Council Meetings	X
Getting it Right	XI
Environmental Report	XII

STATUTORY STATEMENTS

Approval of the Statement of Accounts	1
Explanatory Foreword	2
Auditor's Report	7
Statement of Responsibilities for the Statement of Accounts	13
Movement in Reserves Statement	14
Comprehensive Income and Expenditure Statement	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Core Financial Statements	19
The Collection Fund	92
Former LRB Fund	95
Pension Fund	96
Annual Governance Statement	107
Glossary of Terms	120

FOREWORD FROM THE LEADER OF THE COUNCIL

Challenging economic times continue. So we must continue to find significant savings of more than £40 million over the next four years. Be assured we continue to scrutinise every single Council service and activity to ensure value for money and are doing everything in our power to ensure the long term stability of the Council's finances. Our prudent and no gimmicks approach ensures we address the increasing demands we face for our services, often for our most vulnerable residents, as well as the additional responsibilities local authorities have to shoulder without any more money from government.

It also ensures we can help keep Bromley the special place it is and I am pleased to present our Annual Statement of Accounts for 2014/15, where we highlight our achievements over the past year and outline plans for the future.

Among others, our achievements include:

- Development of multi-million pound complex including 9-screen cinema, restaurants, hotel and around 180 new homes
- Expansion of Glades Shopping Centre and fresh look for Bromley North Village
- Working with residents and business to secure funding for £3.2 million improvements in Beckenham
- Opening a modern library in Penge to compliment the new libraries in Orpington and Biggin Hill
- Creating more than 3,000 extra school places across the borough
- Working to ensure young people with more complex needs can live, learn and work in their own communities
- Supporting young people to remain in education and training and to reach their full potential, including creating work experience and apprenticeship opportunities
- Working with our partners to reduce crime and tackle antisocial behaviour and supporting young people through our mentoring service
- Tackling scams and rogue traders to save residents' money being lost to criminals; tackling illicit tobacco to help protect young people
- Installing 16,000 modern energy efficient street lights, which has already resulted in over £70,000 in savings
- Sustaining 50 per cent recycling rate and diverting three-quarters of the borough's waste from expensive landfill
- Expanding our excellent, ground breaking Friends initiative with more than 1,000 street friends, 4,700 Snow Friends and 50 Park Friends Groups on board who have raised £250,000 to look after our open spaces
- Acquiring residential properties and achieving a build of 150 affordable housing units to help meet housing needs
- Making sure our assets work better for us, helping to protect frontline services
- Supporting carers living in Bromley and helping older and disabled residents enjoy life in their own homes as far as possible and to live life to the full
- Working with health to ensure seamless services for our residents
- Through our public health responsibilities helping improve health and wellbeing in the borough particularly for those with diabetes, dementia, cardio-vascular disease and focusing on the emotional wellbeing of young people

These challenging times mean we will all have to do things in a different way, take more responsibility and accountability within our families and communities to make sure those who need our services get the help they need. However, we remain determined to continue investing in the long term well-being of this borough. Attracting and retaining businesses

remains a priority for our Council and future plans include actively working with partners to secure a multi-million pound investment into high tech industrial and aviation business opportunities in Biggin Hill; supporting investments in the growth areas of the Cray Valley Business Corridor; a show piece four-star boutique hotel and restaurants at the Old Town Hall in Bromley and we are currently seeking views on proposals for the £3.2 million improvement scheme for Beckenham.

We are investing in the future of our young people by supporting them to remain in education, by creating work experience opportunities, apprenticeships and mentoring. Our ground breaking Friends initiative continues to expand and we continue to support carers and the independence of our older and disabled residents. We have also re-launched the Bromley Council website to improve customer service by ensuring it is responsive to all mobile devices and delivers enhanced information and functionality when and where our residents want it.

Be assured our commitment to Building a Better Bromley remains steadfast. As your Council we are determined to continue to work with you and our partners to keep this borough a great place to live, work and visit.

Stephen Carr
Leader
Bromley Council

BUILDING A BETTER BROMLEY

Since 2005 the Council has had an agreed framework to improve the life of all those that visit, live, study, or work in the borough. These were amended in 2013 to reflect our public health and health and wellbeing agenda as well as our priority to continue to invest in the economic wellbeing of our borough. This vision is called “Building a Better Bromley” and has seven key priority areas as follows:

- A Quality Environment
- Regeneration
- Vibrant, Thriving Town Centres
- Supporting our Children and Young People
- Supporting Independence
- Safer Bromley
- Healthy Bromley

Our officer and political structures are all aligned to deliver this vision, and a summary of how we are doing is given below.

A Quality Environment

Environmental services affect the daily lives of all Bromley residents and many compare favourably with those of other councils. Nevertheless our aim is to continually improve performance as residents expect street cleaning, waste collection and road and park management to be delivered to a consistently high standard and represent value-for-money. This is particularly important because being known as a ‘clean, green and safe’ borough is a key reason why people choose to live or work in Bromley.

During 2014-15 we have:

- Encouraged community engagement through: Street Friends (1,134); Snow Friends/Co-ordinators (4,713 and 413); and organised 32 clean-up events involving some 700 volunteers
- Issued 1,500 littering fines and taken 272 offenders to court
- Maintained high levels of public satisfaction with the cleanliness of our streets and high levels of contractor performance
- Sustained high recycling rates, with more than 49% of Bromley’s household waste being recycled and only 27% being sent to landfill
- Increased the number of green garden waste collection service customers to more than 16,000
- Prepared for necessary changes to the recycling service, including every other week paper collections
- Commissioned key elements of the Parks and Greenspace service to the Landscape Group
- Delivered the first Friends Forum Conference, supporting 41 active Friends of Parks Groups
- Secured £337k external investment and £172k partnership funding through the work of community groups and officers
- Progressed the revised street lighting project, which involves replacing 6,500 lamp columns and 14,500 street lanterns with energy efficient LED lighting
- Delivered a major programme of resurfacing works on principal roads, including the A208 (White Horse Lane) and A233 (Main Road) on time and within budget
- Implemented Phase 1 of the traffic element of the Bromley Town Centre Area Action Plan
- Contributed to improved railway station car parking, including at Orpington (now open) and planning for the extension to New Beckenham
- Expanded choice for motorists and residents, including mobile phone payments and on-line self-service for processing residents’ and business’ permits
- Made it easier for customers to contact us on-line through improvements to bromley.gov.uk and promoting FixMyStreet and MyBromley Accounts

Now we plan to:

- Work with community groups to improve the street scene, including identifying hotspots and organising clean-ups
- Develop a ‘Street Care Plan’ in respect of education, enforcement and operations
- Improve the borough’s street café culture and increase specialist street market visits
- Increase Green Garden Waste collection service customer numbers to 17,500
- Commence ‘every other week’ kerbside paper collections from June 2015
- Consider options for the kerbside Waste Electronic and Electrical Equipment collection service
- Establish the Wholly Managed Parks Service Management Board and Stakeholder Panel

- Work with Friends of Parks groups to maintain the quality, appearance and cleanliness of our parks, open spaces and the countryside
- Plant 400 street trees and maintain Bromley's publically-owned tree stock in a safe condition
- Complete the £8.5m 'invest-to-save' project to replace 6,500 lamp columns, and 14,500 street lanterns with energy efficient LED lighting by summer 2015
- Improve the condition of the highway network by completing an approved major programme of road and pavement resurfacing
- Publish and deliver the Local Flood Risk Strategy for Bromley
- Decrease congestion and address journey times on priority routes, including work at key junctions on the A222 and A234
- Continue implementing accident reduction measures in key locations, alongside a programme of road safety education
- Tender the new Shared Parking Services Contract, to be implemented in October 2016
- Communicate service changes (e.g. revisions to the paper collection service) directly to service users and more widely

Regenerating our Borough and Vibrant, Thriving Town Centres

We are setting out our vision for developing the borough over the next 15 years in our new Local Plan, guiding the development of town centres and built up areas whilst preserving our Green Belt and Metropolitan Open land. Our aim is for our borough to remain a thriving, vibrant place, to ensure our town centres are successful and competitive through a combination of sensitive planning and major private sector investment so our borough remains a place where people choose to live, work and shop.

During 2014-15 we have:

- Completed the successful delivery of the Bromley North Village Improvement Scheme
- Agreed an outline scheme for improvements to Beckenham town centre
- Agreed a revised development strategy for Churchill Place
- Secured approval and funding for an Investment and Regeneration Programme in Biggin Hill and the Cray Business Corridor
- Brought forward the development of key sites including the Old Town Hall (Bromley) and mixed use development in central Orpington
- Published the new Local Plan and begun consultation with the local community
- Secured £1m funding from HM Treasury for a new Memorial Museum at Biggin Hill
- Begun the delivery of a £2.4m improvement scheme in Crystal Palace Park, including the establishment of a Community Grants Fund for park related projects
- Developed and consulted on a new Library Strategy for the future of the library service
- Achieved funding from the Mayor of London to support businesses to begin the process of establishing a Business Improvement District for Bromley
- Secured the long term operating future of the Churchill Theatre
- Achieved capital receipts of approximately £7m from the sale of surplus properties
- Generated an annual rent of over £7.3m from the Council's portfolio of investment properties
- Acquired investment properties totalling £21.63m in value, producing additional revenue income of £1.35m per annum

Now we plan to:

- Secure external funding to support development options for a residential led mixed use scheme at Churchill Place in Bromley
- Complete public realm works to enable the opening of the new development at Bromley South Central, and begin work on improvements to the central pedestrian area of Bromley town centre
- Produce infrastructure and investment plans for Biggin Hill and the Cray Business Corridor
- Secure funding for public realm improvements for Walnuts Square in Orpington
- Complete designs for town centre improvement schemes in Beckenham and Penge
- Finish consultation on the draft Local Plan ahead of submitting the Plan to the Secretary of State
- Progress plans to establish a new form of governance with a sustainable business model to manage Crystal Palace Park
- Implement the 2014 Library Strategy to explore new ways of delivering library services in challenging financial circumstances
- Support Bromley town centre businesses to establish a Business Improvement District for Bromley
- Complete feasibility works and appoint architects to develop plans for a new Memorial Museum at Biggin Hill
- Relocate local history exhibitions to Central Library

- Manage our estate to maximise income and capital receipts and continue the systematic review of the Council's investment properties to ensure that they meet our agreed requirements
- Undertake a full review the Council's office estate with particular focus on the Civic Centre site
- Provide property advice to assist in the Council's commissioning strategy and to support corporate priorities
- Continue to acquire suitable investment properties to generate additional rental income to support the Council's revenue budget

Supporting our Children and Young People

We work closely with our partners to secure the best possible future for all children and young people in the borough, including a clear focus on supporting the most vulnerable children and young people in our community.

During 2014-15 we have:

- Promoted educational opportunity in the borough ensuring all families have a choice of good and outstanding schools and early years' providers. This has included permanent expansion of local schools and opening new free schools to ensure there are 720 more school places for Bromley children than in 2010; increasing the percentage of primary school applicants receiving their first or second choice; 85% of secondary school applicants receiving their first or second choice
- Enabled young people with more complex Learning Disabilities to live, learn and work within their own community by developing mixed education packages across mainstream and specialist provision
- Supported the transition of young people leaving care and moving into independent living, further/higher education and employment. This included supporting 16 young people at university and in Higher Education; through the Bromley Youth Employment Project supporting Looked After Children into work experience and contracted employment
- Ensured stable placements for children and young people where foster care is identified in the plan, through the development of a range of support, including support groups and training, to ensure foster carers are able to meet the needs of children and young people with complex and challenging behaviour. This included working in partnership with the London Fostering Network to deliver 'Helping Children to Learn' training to both foster carers and social workers
- Taken steps to implement strategies, policies and practice to target and safeguard vulnerable children through the work of the Bromley Children Safeguarding Board and engaging with partner agencies. This included hosting the 2014 Bromley Safeguarding Children Board annual conference focusing on mental health and wellbeing issues for children and implementing a multi-agency protocol for 'Children Missing from Home and Care' to ensure all Looked After Children can speak with an independent person after a 'missing' episode

Now we plan to:

- Strengthen the quality of school governance (setting strategic direction and promoting school improvement) through the role of Local Authority Governors
- Design and develop primary and secondary school enlargement options to meet current and forecast demand for all on-time applicants
- Continue to develop local provision and partnerships to enable young people with more complex Special Educational Needs and Disabilities to live, learn and work in the local community
- Ensure a smooth transition to the new Special Educational Needs and Disabilities Framework through the provision of an integrated pathway for children and young people, and their families
- Focus on the prevention of abuse of vulnerable children and young people, ensuring those at risk of missing from home and care, or from sexual exploitation, continue to be identified and supported

Supporting Independence

We work closely with our partners to support residents of the borough to manage their own lives with the minimum of interference from the Council, and when they need the Council's support it is provided efficiently, representing value for money, and free from unnecessary bureaucracy and delays.

During 2014-15 we have:

- Improved the lives of residents through the provision of locally relevant information and advice about care and support enabling people to live their lives to the full, receiving high quality support when they need it. This has included developing a relevant 'Chislehurst and Mottingham' area of Bromley MyLife; developing and improving the Bromley MyLife website to improve customer service

- Developed integrated pathways of care with the Bromley Clinical Commissioning Group (BCCG), focused on supporting residents to self-manage long term health conditions
- Continued to develop a diverse market in care and support services to offer more choice and control to our service users and their carers through a range of support at home and in the community. This has included enabling older people to access community life through innovative support planning
- Supported older people to regain independence following illness or loss of mobility through reablement, occupational therapy and intermediate care. This included improving hospital discharge in the winter through new services and support commissioned with the BCCG. These services ranged from 'intensive personal care packages', 'fast response personal care packages' and increasing the issue of equipment to support people leave hospital. Success included 100 people accessing fast response personal care packages offering up to seven days of personal care after hospital discharge; 523 extra pieces of equipment issued; 59 people supported by intensive personal care packages, providing on average 150 hours of support per person as an alternative to long term residential care
- In partnership with the voluntary and third sector, we devised and delivered a programme of education support for hard to reach groups. This focused on preventing homelessness by working in partnership to maximise and make best use of the support of affordable housing. It included successfully diverting over 80% of households approaching in housing need, avoiding homelessness and assisting with those affected by Welfare Reform; running adult education courses in community venues with our community partners

Now we plan to:

- Provide clearer information and advice to the carers of people with dementia by developing and extending the Bromley MyLife website to support people to 'live well with dementia'
- Support adults who are unable to protect themselves from the risk of, or experience of, abuse and neglect, enhancing quality of life, wellbeing and safety
- Work with health partners to expand existing winter resilience arrangements to meet the needs of the local population throughout the year and to develop high quality models of best practice to support effective integration
- Ensure that the voice of service users and carers is routinely sought (when developing/changing services) and that when we receive feedback, it is reviewed and integrated into plans where appropriate, together with the outcomes from Bromley Healthwatch
- Improve the wellbeing of individuals at all stages of the care and support process through the continued development of a high quality, responsive workforce
- Promote excellent customer service for those who experience our services
- Focus on preventing homelessness by working in partnership to maximise and best use of the supply of affordable housing, minimising social care needs of vulnerable families

Safer Bromley

As a lead member of the Safer Bromley Partnership, we work closely with other local organisations to deliver services that impact on residents' safety, health and wellbeing. We want local people to feel, as well as be, safe as they go about their day-to-day lives.

During 2014-15 we have:

- Received over 200 calls to our Trading Standards Rapid Response number, resulting in immediate responses to 42 consumers, which saved vulnerable consumers over £185,000
- Carried out 212 under-age test purchases: this year has seen an increase in the overall compliance rates for test purchasing, with 90% of businesses targeted refusing to sell
- Conducted enforcement visits to businesses in the borough as part of our investigations into consumer detriment, issuing formal warnings or cautions to 58 businesses, and instigating proceedings against 11 traders for a range of offences, in response to a total of 3,396 complaints and enquiries
- Executed an entry warrant against a local business selling New Psychoactive Substances, resulting in the seizure of £4,000 of suspected dangerous substances
- Provided accredited Fair Trader training to 16 businesses, while 114 businesses received education regarding underage sales
- Undertaken five multi-agency operations to ensure legal and appropriate management of licensed premises within the borough
- Issued 1 ASB notice, served 32 ABCS, sent 19 warning letters, and issued 1 CBO notice, mostly as a result of targeted action against youth disorder reported by residents in two key areas of the borough
- Seen 11,300 young people attend the summer diversion programme. 154 mentoring relationships were forged, with young people identified as at risk of criminal or anti-social behaviour
- Maintained the conviction rate for domestic abuse in cases managed by advocates at 70.1%

Now we plan to:

- Tackle anti-social behaviour through the delivery of targeted, intelligence-led operations with the Police
- Support young people to remain in education, employment and training, through our mentoring service
- Ensure all victims of domestic violence involved in criminal Court procedures are offered the support of an advocate
- Provide support for the Safer Bromley Partnership Board
- Target night-time anti-social behaviour problem areas through a joint Council-Police initiative to tackle alcohol-related nuisance, crime and disorder, supporting the Purple Flag award for Beckenham
- Support the Home Office recommendations with regards to the Gangs Review
- Work with partners to eradicate the supply of New Psychoactive Substances, and seek to apply powers and tools from any forthcoming legislation
- Take action against rogue traders, particularly those who target the vulnerable, through preventative and enforcement activity with banks and adult safeguarding partners
- Provide a rapid response service to all victims of doorstep crimes and scams
- Tackle the sale of age-restricted products, particularly alcohol and tobacco, through test purchase operations
- Prevent consumer detriment by improving compliance and tackling problem traders
- Inspect 100% of high-risk food businesses (Risk Category A and B hygiene) to ensure food safety standards are met
- Investigate significant complaints, accident reports and other notifications
- Undertake the statutory review of licensing policies for alcohol and gambling, to be in place by January 2016
- Work proactively with offenders and potential offenders to reduce noise nuisance
- Provide the CCTV monitoring service for town centres and other key areas
- Oversee the refurbishment of the CCTV control room
- Develop a computerised system for contaminated land reporting
- Depending on the result of the new lease negotiations, analyse and expand the current noise plan for Biggin Hill

Healthy Bromley

With health providers we focus on areas identified within the Health and Wellbeing Strategy to improve health and deliver public health outcomes. In this we are working to integrate health priorities in all our Building a Better Bromley priorities and ensure effective community engagement through Bromley Healthwatch, to help shape health and social care services

During 2014-15 we have:

- Improved health outcomes for those with health needs through improved prevention of cardio vascular disease, through the diabetes prevention project and NHS Health Checks evaluation. This included promoting and encouraging those at risk of developing heart disease, stroke, diabetes, kidney disease or types of dementia to receive a Health Check to help them take action to avoid, reduce or manage their conditions
- Promoted emotional and health and wellbeing in young people through the self-harm prevention strategy. This included mentoring training for teachers

Now we plan to:

- Improve prevention of cardiovascular disease through the monitoring and review of the NHS Health Checks programme and evaluation and review of the diabetes prevention project
- Focus on the promotion of emotional health and wellbeing in young people through the self-harm prevention strategy

Excellent Council

In addition to the above information about our achievements and plans for the future in these key Building a Better Bromley areas, we also aim to be an Excellent Council. In support of this we will embrace the concept of community budgeting and provide the leadership and mechanisms to bring communities and partners together so we all contribute to the Building a Better Bromley objectives.

We will also continue to scrutinise everything we do and how we do it to ensure all areas of Council services and activity provide value- for- money and where we continue to provide services these are customer focused and delivered in the most efficient and effective way possible. We will also ensure our work is free from bureaucracy and delays and continue to maximise the use of our resources, finance, people and assets.

We have a number of plans, documents and initiatives designed to help us do this:

- Building a Better Bromley Priorities
- Financial Strategy 2015-16 to 2018-19
- Financial Control Budget 2015-16
- Customer Access Channel Strategy
- Customer Service Charter
- Equality/Service Impact Assessment Process
- Complaints, Comments and Suggestions policies
- Human Resources Strategy
- Health and Wellbeing Strategy
- Localised Pay and Conditions

DEVELOPMENT CONTROL COMMITTEE 2014/15

During the year, the Committee progressed a number of major proposals. Schemes now under construction include the change of use, restoration and part redevelopment of the statutory Listed Hayes Court, and the large mixed use development at Bromley South comprising a cinema, 200 flats, a hotel, retail units, restaurants and a drinking establishment. Work has also commenced at the major redevelopment of the remaining Glaxo commercial site in Beckenham.

The Development Control Committee and Bromley's Planning staff continue to be among the busiest in the country:

- Dealing with over 4000 planning applications
- Investigating over 800 alleged breaches of planning control and serving 120 enforcement notices
- Making 17 new tree preservation orders bringing the borough total to 2612 and determining 749 applications for works to protected trees
- Handling almost 300 appeals against refusals of planning applications and enforcement notices
- Encouraging good design through the Advisory Panel for Conservation Areas (which met on 12 occasions during the year and advised on around 250 applications in conservation areas)
- Alongside the role as collecting authority for the Mayor's Community Infrastructure Levy, implemented the CIL regulations and latest amendments
- Responded to Government Consultations on changes to Permitted Development Rights, Planning and Travellers, and responded to neighbouring authorities' consultations
- Made representations at the Examination into the Mayor's Further Alterations to the London Plan and maintained an overview of the progression of the FALP
- Progressed the preparation of the Borough's Local Plan
- Preparation and publication of Bromley's Five Year Housing Land Supply Paper
- Preparation and publication of Bromley's Authority Monitoring Report
- Agreeing a revised Local Development Scheme for the preparation of the Local Plan and a local Bromley Community Infrastructure Levy
- Ensuring the Council's Supplementary Development Documents are reviewed and updated in line with legislative and policy changes

The Committee has progressed the development of the Local Plan and considered and responded to Government's continuing proposed planning reforms, and have considered responses to Government and London wide planning policy and related matters.

COUNCIL MEETINGS

Around 200 meetings were held during 2014/15, most of which were open to the public and media. The full Council met on 7 occasions (including the annual meeting.)

Copies of the agenda and reports for meetings are available on the Council website (www.bromley.gov.uk), at the Civic Centre and through local libraries at least five working days prior to each meeting. If you want to know more about a particular item on an agenda you can ring the contact officer shown on each report or the Council's Democratic Services Team on (020) 8461 7743. Dates of meetings are advertised on the Council website and on posters in libraries.

Public speaking

Council meetings set aside 15 minutes at the start of each ordinary meeting so that members of the public can ask questions. The Democratic Services Team must receive notice of a question by 5pm on the fourth working day before the meeting – this deadline is set out on each agenda. Questions must be about something the Council can influence, should be no longer than 50 words and be asked in person at the meeting – otherwise, a written reply can be sent. An opportunity to ask a supplementary question in response to the reply is given at the meeting.

The Development Control Committee and Plans Sub-Committees operate a separate procedure that allows the public to speak on planning applications, contravention reports and tree preservation orders. People wishing to use this procedure must have already written to the Council expressing their views on the matter and need to register their wish to speak by telephoning the Democratic Services Team by 10am on the working day before the day of the meeting.

Contacting your Councillor

There are 60 Councillors representing 22 Wards in the Borough. Each Ward has between one and three Councillors.

If there is a topic of concern or interest that you would like to take up with your Ward Councillor or Councillors, their name, address, email and telephone number are available on the Council website and from the Council's Main Enquiry Desk (020 8464 3333).

Further information about the Council and Committee meetings, public speaking and the names and addresses of Councillors is on Council and Democracy pages of the Bromley Council's web site at www.bromley.gov.uk.

GETTING IT RIGHT

We want to provide good quality, value for money services in a helpful and efficient way, but sometimes things can go wrong. If they do, we aim to put mistakes right quickly and learn from them. We welcome complaints and suggestions on how we can improve our service, and also compliments on a job well done.

We value all the people who live and work in Bromley. We aim to provide our services fairly to all members of the community. If we receive a complaint about equal opportunities or discrimination, we will look into it. We will not treat anyone unfairly because they have made a complaint about us.

We want it to be as simple as possible for people to give us their comments and our on-line complaint form is easy to use. Help is available from staff, voluntary agencies or local councillors. The names and contact details of our councillors are available on our website.

Complaints are usually investigated by the manager responsible for providing the service. They will try to sort out any problem as quickly as possible – mistakes and misunderstandings can often be sorted out on the spot. We aim to respond to complaints within five working days, but if the issue is very complicated we may need longer and will aim to reply within twenty working days.

If the complaint is not resolved at this stage, it can be escalated to the Chief Officer of the department who will either investigate the complaint or will nominate a senior officer to carry out the investigation. If the complaint is still not settled after the second response, the Chief Executive can be asked to review the case.

We are keen to put things right, but if a complainant is dissatisfied with our responses and feels they may have suffered injustice as a result of maladministration by the Council, they can ask the Local Government Ombudsman to investigate. For more information, visit their website at www.lgo.org.uk or telephone 0300 061 0614.

Further information about our complaints procedure is available on our website.

ENVIRONMENTAL REPORT

Background

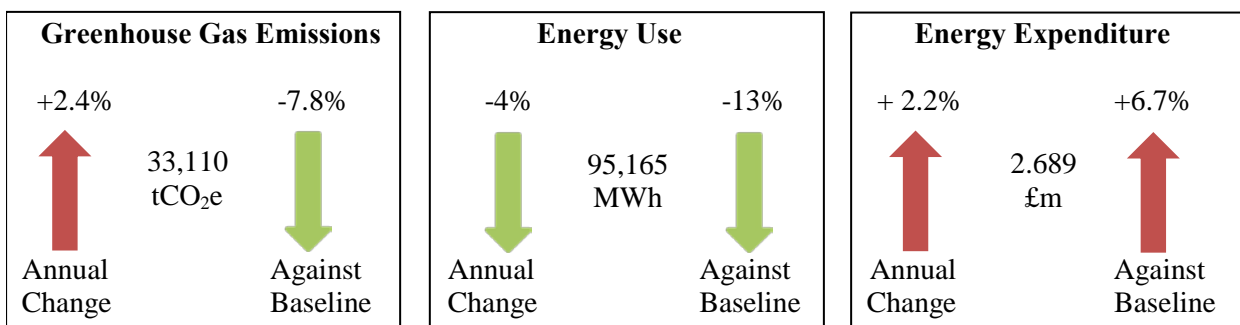
Using natural resources efficiently generally leads to financial efficiency and so the Council has presented environmental and related financial information as a sustainability section in its Annual Report since 2010/11. This report sets out the Council's use of resources and environmental impacts as an organisation, as opposed to being an assessment of the environmental impact of service delivery or a state of the environment report.

The 2014/15 HM Treasury guidance ([Public sector annual reports: sustainability reporting guidance](#)) details minimum reporting requirements for central government bodies and agencies. These rules are to be updated for 2015/16 reporting. Local government is not required to produce such reports but the rules constitute best practice and are part of a growing trend (LSE main market listed companies are now required [to report](#) on their Greenhouse Gas Emissions). More generally, local authorities are required to [submit annual reports](#) on their Greenhouse Gas Emissions (GHG) to the government – the basis of this report. Bromley Council's sustainability reporting was recently benchmarked by PriceWaterhouseCoopers, which identified several areas of good communication alongside areas for development, which have been addressed in writing this report.

We live in challenging economic times and the Council needs to make significant savings over the next few years. It therefore makes sense to consider and report on the role that resource efficiency plays in making the Council more financially efficient and how it contributes to the longer-term stability of the Council's finances. This golden thread runs through the Council's long-term vision statement 'Building a Better Bromley', and the various annual Portfolio Plans which underpin the delivery of Council services. Of course, taking action to reduce energy, water, paper or waste not only releases financial resources for front-line services but also directly benefits the environment, and this is driven by the Council's second five-year [Carbon Management Programme](#). Some activity, such as in relation to schools, is partly outside the Council's direct control but can still be influenced through, say, the provision of environmental information. And more broadly, the Council can influence suppliers through its Sustainable Procurement Policy - for instance by considering whole-life costing, as part of achieving value-for-money, during the procurement process.

Failing to take action to control resource use and overheads presents a real risk both to the Council's finances and reputation. Equally, scrutinising data and taking effective action can identify opportunities for even greater improvement and efficiency. This will become increasingly important as the Council reduces its size – plainly there should be a similar, if not greater, reduction in impacts relating to spend and employee numbers. This report seeks to be transparent in setting out the Council's performance – both good and bad – in reducing its environmental impacts and costs: more detailed information may be found in the Council's Greenhouse Gas Emissions: 2014/15 Performance Report.

Performance Summary



The above data shows how the Council's energy use (which comprises >90% of the measured impacts) relates to greenhouse gas emissions and financial costs. This data shows that in 2014/15 energy use fell compared with 2013/14 and also against baseline (2012/13). However, because energy prices rose more than energy use fell, the Council's costs increased both annually and against baseline. Similarly, because the emissions factors used to calculate 2014/15's data were higher than those used in 2013/14 there was an increase in annual greenhouse gas emissions (despite the fall in energy use). Clearly had no action been taken to reduce energy consumption, the financial cost and emissions would have been significantly greater.

Carbon Management Programme

The information in this report is derived from the Council’s Carbon Management Programme, which is designed to reduce energy consumption, costs and carbon emissions – measured in terms of tCO₂e (tonnes of carbon dioxide equivalent – a metric for comparing the relative impacts of six Greenhouse Gases). Although the Council has many programmes designed to improve service performance, the Carbon Management Programme (CMP) is the main initiative specifically designed to reduce environmental impacts and costs. The CMP’s first phase (CMP1) ran from 2008/09 – 2012/13 and resulted in a 14% reduction (5,275 tCO₂e) in the Council’s GHG emissions. A second five-year phase (CMP2) commenced in 2013/14, with an ambition to drive down emissions by a further 15% by 2017/18.

It is not possible to directly compare performance between the two CMP phases because:

- a greater number of sites, energy and water meters, and activities are recorded under CMP2
- different GHG emission factors are used each year to convert fuel use / energy consumption / waste and water into a carbon tonnage for reporting purposes. For instance, in 2014 there was an 11% increase in the electricity emission factor compared with 2013
- electricity emissions are now sub-divided into ‘generation’ and ‘transmission/distribution’ losses

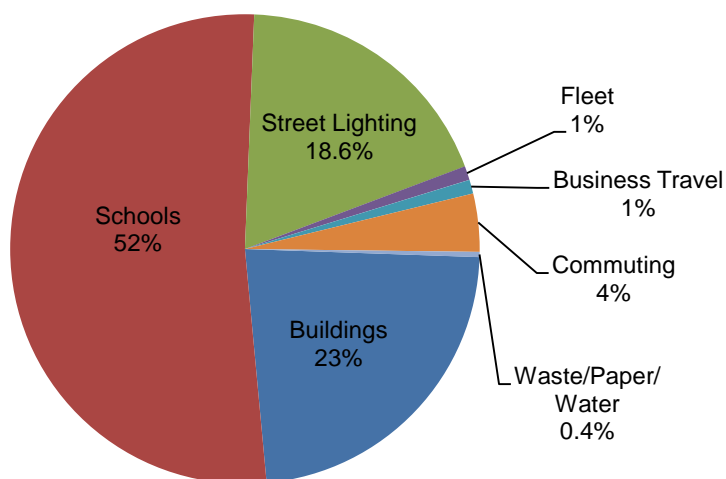
These changes required CMP1’s 2012/13 data to be recalculated to provide a new baseline for CMP2 against which to measure progress (from 2013/14 to 2017/18).

Scope of Activity

Bromley’s CMP2 scope includes:

- Buildings: energy use in both Schools and Council buildings
- Street Lighting: including lit signs, bollards, and crossing beacons
- Commuting: journeys to/from work by rail, bus travel, car and motorbike
- Fleet and Business Travel: transport used on Council business
- Waste Management: Civic Centre
- Water Consumption: 48 Council buildings
- Paper consumption: Council

CO₂e Emissions by Activity 2014/15



**Fugitive emissions (e.g. refrigeration or air conditioning gases) were excluded due to lack of available data*

Measuring Carbon Intensity

Carbon intensity provides a measure of how efficiently emissions are being generated relative to chosen metrics. Each metric has strengths and weaknesses but two are considered here to show our carbon efficiency:

- expenditure (tonnes CO₂e per £1 million net expenditure, excluding schools), with a low figure indicating carbon efficiency from a financial point of view
- employees (tonnes CO₂e per full-time employee, for Council operational buildings), again with a low figure indicating carbon efficiency from a staffing point of view

Carbon intensity relative to expenditure fell by 14% against baseline but increased by 2.4% compared with 2013/14; however, this was largely due to the change in GHG emission factors (energy use actually fell). Carbon intensity relative to staff numbers increased by 14% against baseline and increased by 9% compared with 2013/14 due to a combination of the change in GHG emission factors and the fact that energy consumption and operational building stock has yet to decrease in line with the reduction in staff numbers.

Performance Assessment

The table below assesses performance for the last three years of CMP1 and the first two years of CMP2 (and the updated CMP2 2012/13 baseline).

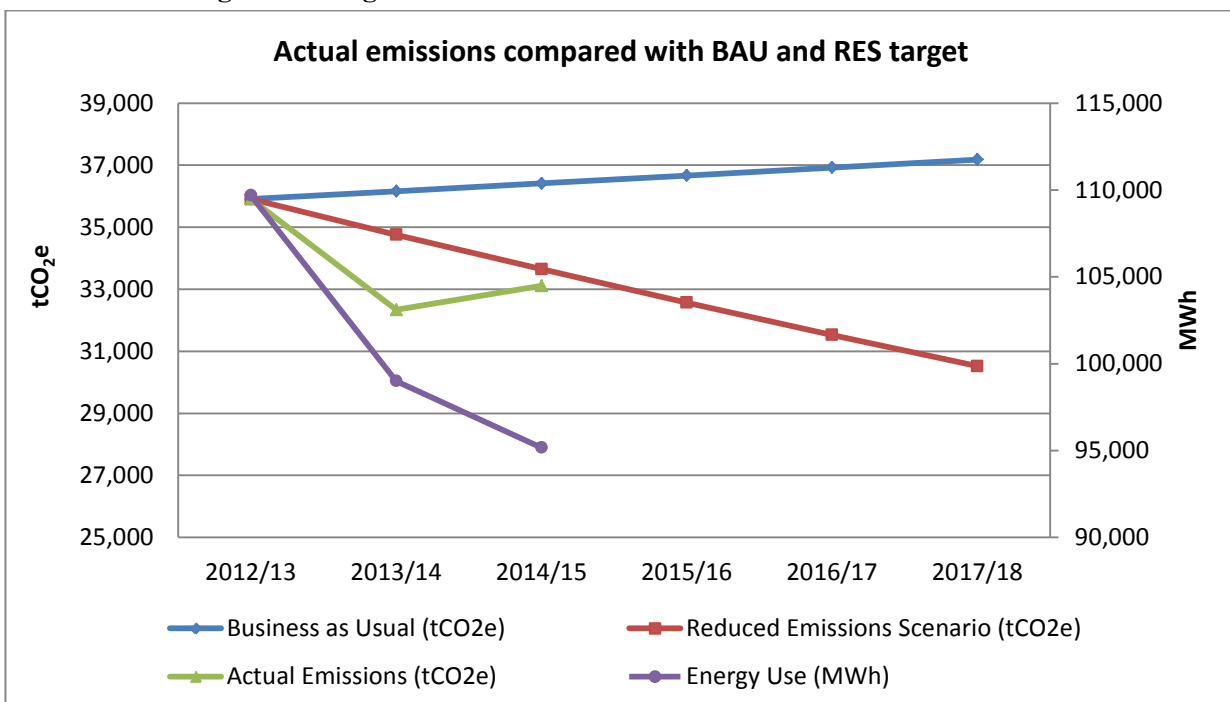
Impacts	CMP 1			CMP 2*		
	2010/11	2011/12	2012/13	2012/13	2013/14	2014/15
Greenhouse Gas Emissions (tCO ₂ e)	28,633	27,012	27,786	35,907	32,335	33,110
Net Portfolio Expenditure (£,000)	213,765	199,509	182,212	182,212	195,892	195,474
Carbon Intensity (tCO ₂ e / £m expenditure)	134	135	152	197	165	169
Carbon Intensity (tCO ₂ e/ full time employee)	-	-	-	4.3	4.5	4.9
Electricity Use (buildings) (MWh)	21,288	22,809	20,822	27,255	26,490	26,143
Electricity Use (street lighting) (MWh)	13,417	13,252	13,464	13,464	12,680	11,493
Gas Consumption (buildings) (MWh)	53,124	42,444	51,386	66,826	57,804	55,651
Total Energy Expenditure (elec. & gas, street lighting, transport fuel & heating oil) (£,000)	2,616	2,483	2,521	2,521	2,632	2,689
Civic Centre Waste Disposal (landfill/incineration) (tonnes)	98	98	93	93	80	80
Civic Centre Waste Expenditure (landfill/incineration costs) (£)	8,443	9,083	8,875	8,875	8,127	8,514
Civic Centre Water Consumption (m ³)	-	15,862	14,415	14,415	17,066	13,973
Civic Centre Water Expenditure (£)	-	30,064	28,918	28,918	36,534	30,988

* CMP2 records more sites, meters and activities and uses different emission factors, so it's not possible to make a direct comparison between CMP1 and CMP2's performance

The graph below shows two modelled scenarios: 'Business as Usual' where no action is taken to reduce carbon emissions (resulting in emissions rising to more than 37,000 tCO₂e over five years) and a 'Reduced Emissions Scenario' where emissions are actively reduced by 3% per annum to 30,500 tCO₂e by 2017/18.

During 2014/15 energy use (which accounts for the majority of our emissions) fell significantly compared with both baseline and 2013/14, which shows progress. Despite this reduction in energy use, because the 2014/15 emissions factors were higher than those used in 2013/14, our emissions actually increased over the year to 33,110 tCO₂e. That said, there has been an 8% decrease in emissions compared to 2012/13 baseline.

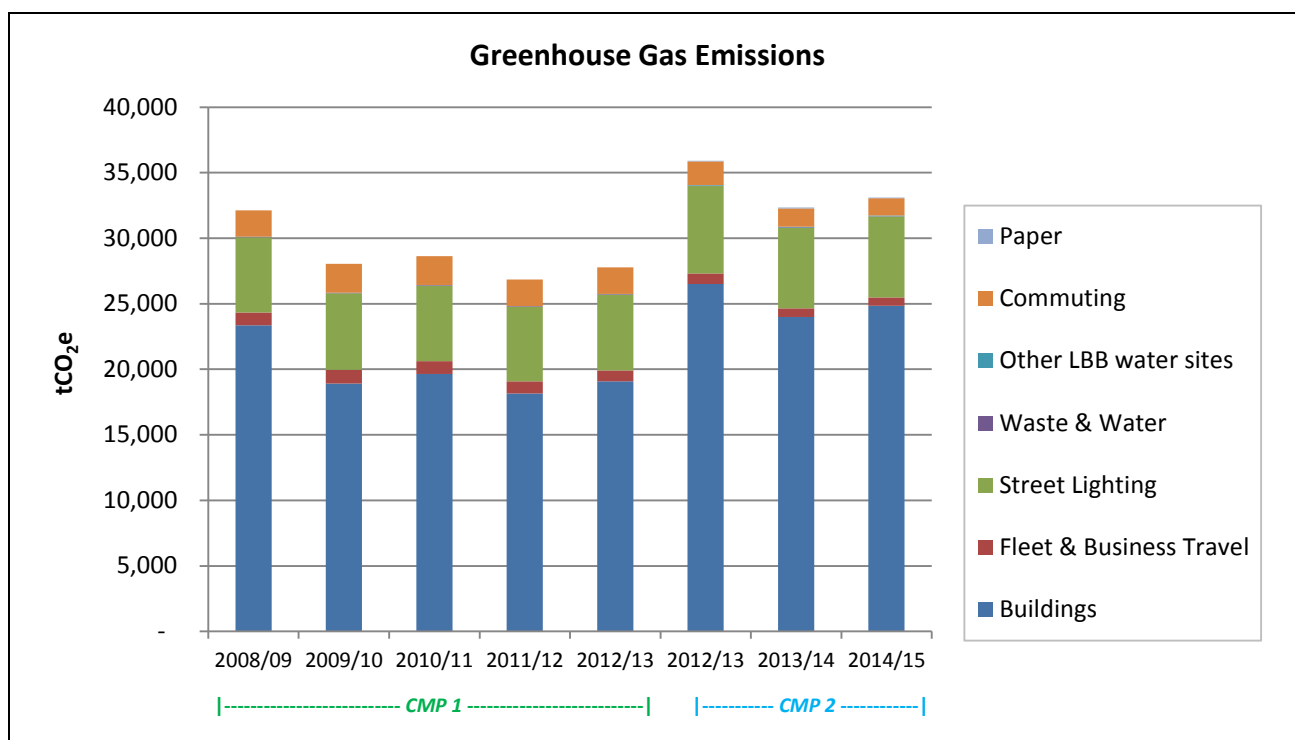
CMP2: Our Target and Progress to Date



Sustainability Report

The following sections show progress since 2010/11, including information on: Greenhouse Gas emissions arising from gas, electricity and fuel use; waste arisings (Civic Centre only); and water use. Information on climate change adaptation, biodiversity, stakeholder engagement, procurement and governance is also included, illustrating the broader links between Council activity and environmental quality and impacts.

Greenhouse Gas Emissions		CMP 1			CMP 2		
		2010/11	2011/12	2012/13	2012/13	2013/14	2014/15
Non-financial indicator (tCO ₂ e)	Buildings	19,636	18,157	19,092	26,504	23,997	24,854
	Fleet/Business Travel	991	917	827	802	666	635
	Street Lighting	5,769	5,699	5,790	6,683	6,132	6,178
	Water/Waste (Civic Centre)	48	50	48	24.5	26	23
	Water (other sites)	-	-	-	45	53	46
	Commuting	2,189	2,029	2,029	1,794	1,402	1,323
	Paper	-	-	-	54	59	51
	GHG Emissions	28,633	26,852	27,786	35,907	32,335	33,110
Energy use (MWh)	Electricity (inc. St. Lt.)	34,705	36,061	34,286	40,719	39,170	37,637
	Gas	53,124	42,444	51,386	66,826	57,804	55,651
	Heating Oil	2,420	1,769	2,318	2,147	2,022	1,877
	Energy Use	90,249	80,274	87,990	109,692	98,996	95,165
Financial indicators (£,000)	Energy (exc. schools)	2,616	2,483	2,521	2,521	2,632	2,689
	Business Travel	1,033	944	846	846	785	720



Performance Commentary

CMP2 emissions are higher than in CMP1 because more sites, meters, and activities are now recorded. Although 2014/15 emissions have fallen by 7.8% against baseline, they have risen since 2013/14 by 2.4%. This rise is due to a change in emissions factors rather than an increase in energy use (which actually fell).

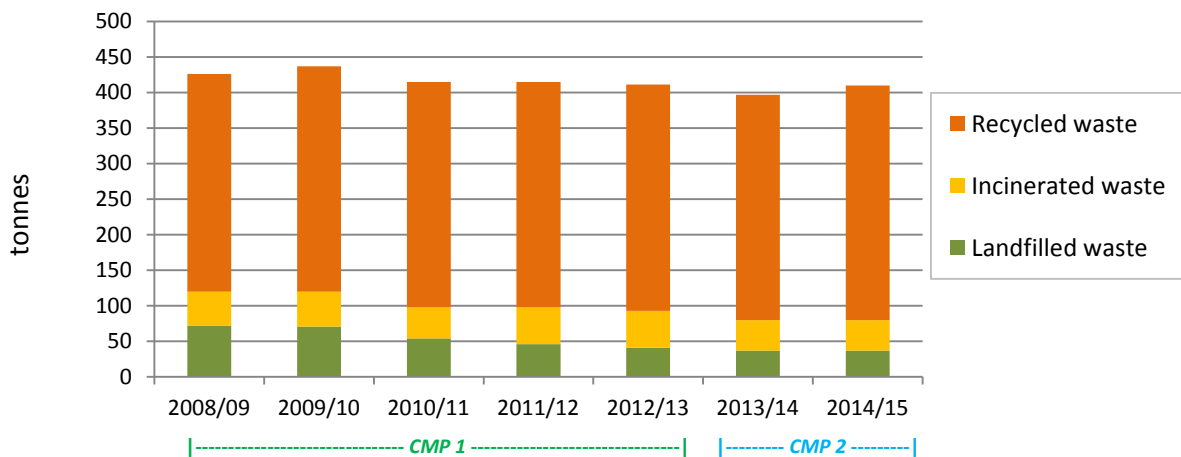
- Buildings emissions (inc. schools) have fallen by 6.2% against baseline but rose by 3.6% year-on-year.
- Street Lighting emissions fell by 7.6% against baseline but rose by 0.8% compared with last year despite there being a 9.4% decrease in electricity use (due to the Invest-to-Save programme) illustrating the impact of the change in emissions factors.
- Commuting emissions have fallen by 26.3% since baseline and 5.6% annually, reflecting fewer staff
- Fleet / Business travel has similarly fallen (20.8% and 4.7%), reflecting fewer vehicles and trips

Waste Disposal & Water Consumption

This section deals with Civic Centre waste disposal – rather than borough-wide waste management which is reported elsewhere – and water use at 48 operational property sites, including the Civic Centre.

Waste (Civic Centre Only)		CMP 1			CMP 2		
		2010/11	2011/12	2012/13	2012/13	2013/14	2014/15
Non-financial indicator (t)	Recycled waste	317	317	318	318	317	330
	Landfilled waste	54	46	41	41	37	37
	Incinerated waste	44	52	52	52	43	43
	Total waste collected	415	415	411	411	397	411
Financial Indicator (£)	Cost of landfilled waste	5,444	5,238	5,003	5,003	4,837	5,224
	Cost of incineration	2,999	3,845	3,872	3,872	3,290	3,290
	Total disposal cost	8,443	9,083	8,875	8,875	8,127	8,514
Emissions (tCO ₂ e)	Landfilled waste	-	-	-	1.1	0.9	0.9
	Incinerated waste	-	-	-	8.2	7.4	7.4

Civic Centre Waste Management



Performance Commentary

The scope (Civic Centre waste only) hasn't changed since CMP1 and so it is possible to compare historic data. The chart above shows Civic Centre waste tonnages, which have always been approximately 400tpa. Total waste increased during 2014/15 by 3.3% but reduced by 0.2% compared with CMP2 baseline (2012/13). All of the annual increase in waste (3.3%) was recycled and the recycling rate increased slightly to 80.4%. Waste tonnages sent to landfill or incineration are converted, using emissions factors, and equalled 8.3 tCO₂e in 2014/15. In 2014/15, energy was recovered from the 43t of waste incinerated at South East London Combined Heat and Power – which generated 21,500 kWh of electricity. The Council's main controllable impacts relate to office waste and how it is treated. The key challenges are to reduce waste arisings and to increase the amount of recycling. Waste management options accord with the waste hierarchy's preference for incineration with energy recovery over landfill (which is less environmental and incurs significant amounts of landfill tax).

Finite Resource Consumption: Water

The Council records water consumption data on its energy management system to identify demand management opportunities, billing errors, leaks, metering issues, and abatement opportunities. The baseline data (2012/13) covered 59 sites, which reduced to 52 sites in 2013/14. Water use data is currently (2014/15) captured from 48 operational (i.e. non-school) buildings. This downward trend is due to site closures (e.g. public toilets) and may be expected to continue in future as the Council reduces the size of its operational property portfolio. Consumption is currently at a similar level to the baseline year at approximately 58,000 m³ and carbon emissions are approximately 61 tCO₂e. Current performance is an improvement on 2013/14's performance but this is, in part, due to a major leak which has now been resolved.

Climate Change Adaptation

The climate is changing and the government's [National Adaptation Programme](#) (NAP) is designed to ensure the country is prepared for severe weather events (whether heat waves, droughts, floods or snow) and to improve national resilience. The NAP states "Local Government plays a central role in leading and supporting local places to become more resilient to a range of future risks and to be prepared for the opportunities from a changing climate". The NAP and the GLA's [Climate Change Adaptation Strategy](#) both recognise that cities, with their high population densities and linked critical infrastructure, are especially vulnerable and that a wider regional response is required to complement local action. The London Climate Change Partnership provides practical advice to help decision-makers address resilience issues affecting the boroughs, such as infrastructure, local economy, public health and service provision. The Council will, for its part, endeavour to keep the borough moving and safe during adverse weather and will continue to increase local resilience by publishing a Local Flood Risk Strategy during 2015/6 and refreshing the Winter Service policy and plan.

Biodiversity and Natural Environment

'A Quality Environment' is one of the Council's Building a Better Bromley priorities and there is also a service focus on Enhancing Bromley's Parks & Green Spaces – set out in Outcome 3 of the 2015/18 Environment Portfolio Plan. Council expenditure directly affects biodiversity through the management of more than 150 parks and open spaces. In particular, the new Wholly Managed Parks Service will not only deliver contracted grounds maintenance services but will also work in partnership with the volunteer community – including securing external funding for improvements. The Council's oversight of the borough's natural environment is set out in the newly published Bromley Biodiversity Plan 2015-20. In terms of species management, more than 100k records have been logged and some 90 Sites of Importance for Nature Conservation have been designated in the Bromley Local Plan. Biodiversity action includes managing five Local Nature Reserves and three Sites of Special Scientific Interest – supported through Higher Level Stewardship and Woodland Improvement Grants.

Stakeholder Engagement

Bromley Council continues to engage in a dialogue with stakeholders regarding key sustainability issues: indeed this is one of the key reasons for including this report in the Council's Annual Report. Importantly, the Council seeks to be transparent in its environmental reporting and continues to publish an annual Greenhouse Gas Emissions Report on Bromley.gov.uk to ensure everyone can access our data and appreciate how environmental management issues are progressing. The Council's Environment Portfolio Plan – although chiefly service-related – also offers an opportunity for public engagement on sustainability issues, as does the activity of the Bromley Sustainable Schools Forum. Professional engagement is also important and the Council partners with organisations such as London Energy Project and Laser Bureau Service to add objectivity, achieve value-for-money in our energy procurement, and improve resource management.

Sustainable Procurement

Sustainable Procurement concerns ensuring the Council meets its needs for services, works and supplies in a way which achieves value-for-money on a 'whole life cost' basis - generating benefits for the organisation, residents and local economy and minimising environmental impacts. For instance, the Street Lighting invest-to-save programme not only reduces maintenance and energy costs but it also reduces carbon emissions and improves the quality of the streetscene. The Council spends approximately £195 million each year with some 3,000 suppliers and each transaction will have associated environmental and social effects. In addition, Bromley's Procurement Strategy includes a sustainable procurement policy and whole-life costing is incorporated into the Council's Contract Procedure Rules. Council guidance to officers writing Gateway Reviews, prior to tendering contracts, identifies the need to address sustainability / impact assessments and consider the requirements in the Public Services (Social Value) Act 2012 in identifying how the proposal might improve the economic, social and environmental well-being of the relevant area.

Governance

The activity in this report – aligning our environmental and financial stewardship – takes place within the Council's ambition to be seen as excellent in the eyes of local people, including 'scrutinising everything we do and how we do it to provide efficient services'. The 2015/18 Environment Portfolio Plan supports this ambition in terms of delivering a 'Quality Environment' and effectively defines the Council's environment policy in the short to mid-term. In addition to Member scrutiny of the Portfolio Plans through the Policy Development & Scrutiny committee system, senior officers provide strategic oversight in respect of carbon and environmental management activity to ensure the objectives continue align with those of the Council.

APPROVAL OF THE STATEMENT OF ACCOUNTS

I hereby confirm that the Statement of Accounts for the year ending 31st March 2015, as signed by the Director of Finance on the 17th September 2015, has been approved by the General Purposes and Licensing Committee of the London Borough of Bromley at its meeting on 17th September 2015.

Councillor Tim Stevens
Chairman of the General Purposes and Licensing Committee
17th September 2015

EXPLANATORY FOREWORD

Introduction

I am pleased to introduce the Council's Statement of Accounts for 2014/15. This statement summarises the financial performance of the Council during the year and the financial position at 31st March 2015.

Background

The Council's Accounts are prepared and published in accordance with the Accounts and Audit (England) Regulations 2011 and the IFRS based Code of Practice on Local Authority Accounting, which is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and overseen by the Financial Reporting Advisory Board (FRAB), the independent body that advises the Government on accounting issues.

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 Finance.

Movement in Reserves Statement – this statement provides a summary of the changes to the Council's financial reserves over the course of the financial year. Reserves are divided into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable' reserves which cannot. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

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

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

Cash Flow Statement - summarises the total movement on the Council's cash and cash equivalents resulting from transactions with external organisations. Cash equivalents are assets which may readily be converted into cash.

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

The Collection Fund - shows the collection and use of monies from Council Tax and Business Rates.

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

EXPLANATORY FOREWORD

Pension Fund – shows the income and expenditure of the whole of the Pension Fund (including other employers) in relation to current employees and pensioners, investment transactions and the position of the Fund at year end. To comply with International Accounting Standard 19 (IAS 19): Retirement Benefits, the actuarially calculated Pension Fund deficit relating to London Borough of Bromley staff is disclosed on the face of the Council's balance sheet as a net liability and reserve.

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	213.82	197.34	(16.48)
Funded by:			
Grants, Council Tax and Business Rates	(212.27)	(212.55)	(0.28)
Carry Forwards from 2013/14	(1.55)	-	1.55
Increase in General Reserves	-	(15.21)	(15.21)
Contribution from General Reserves to Investment Fund	-	15.21	15.21
Variation in General Reserves	-	-	-

Revenue Summary

The 2015/16 Council tax report identified the latest financial projections and an increasing future year budget gap due to the impact of inflation, service cost pressures and ongoing significant reductions in government funding during this austerity period. More details were reported in the '2015/16 Council Tax' report to the Executive in February. Despite the recent significant improvements in the current economic situation, the high level of public debt and the government's plans to achieve a budget surplus will lead to significant further reductions in government funding particularly as health and education remain 'protected' by central government.

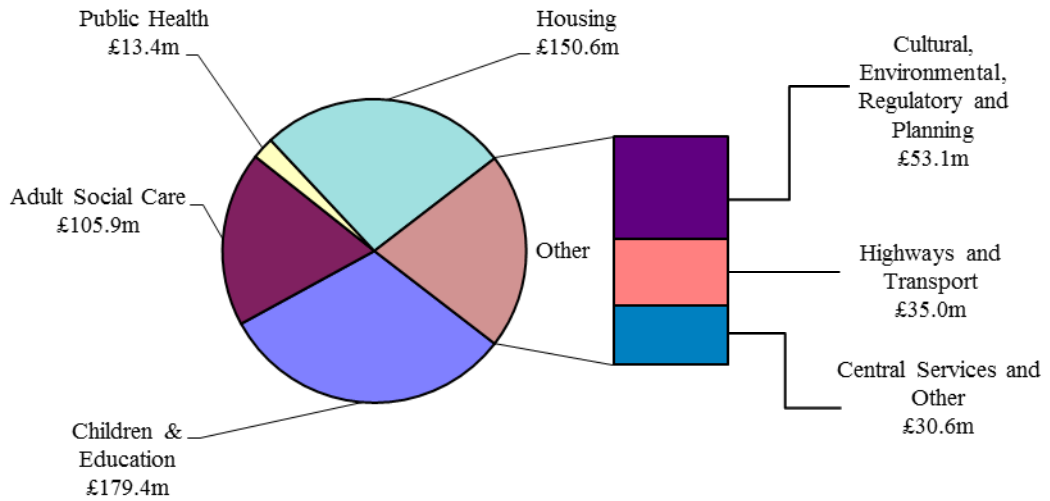
The 2014/15 outturn identifies underspends from prior year adjustments, departmental spend and the Council's central contingency sum. In addition, there are savings from the early release of 2015/16 budget savings and changes to the treasury management strategy to improve investment returns. The underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and meeting income targets. This financial position enables the Council to be 'better placed' to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

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

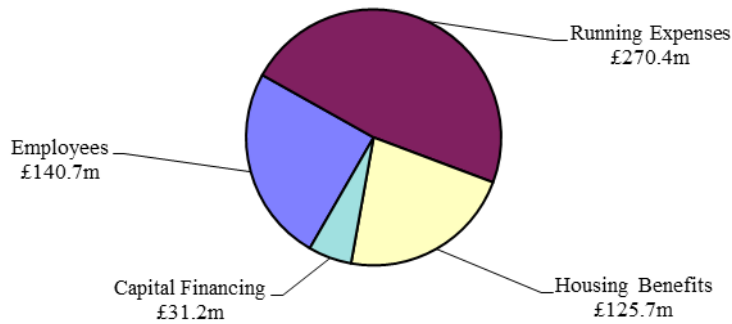
Further details of the variations in 2014/15 were reported to the Council's Executive on the 10th June 2015 and are available through <http://sharepoint.bromley.gov.uk/default.aspx>. The overall pattern of the Council's total income and expenditure is summarised in the graphs on page 4.

EXPLANATORY FOREWORD

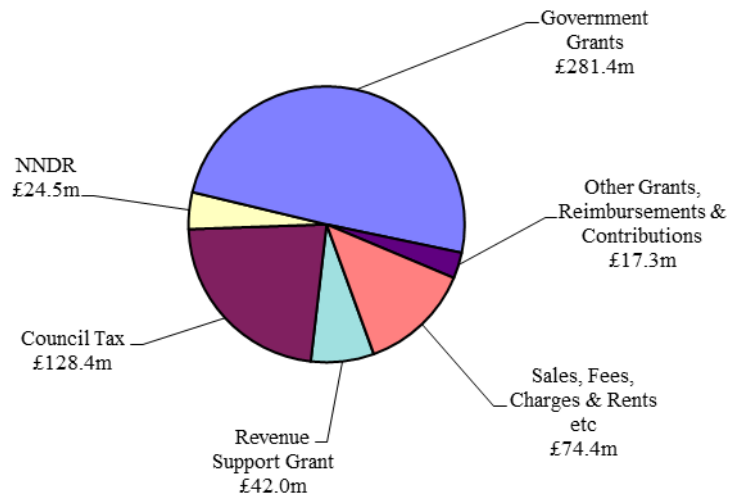
Services Provided - £568.0m



Gross Expenditure - £568.0m



Gross Income £568.0m



EXPLANATORY FOREWORD

Capital Summary

Capital expenditure totalled £53.3m (including acquisitions recognised as finance leases) compared with the final approved estimate of £52.5m. Capital expenditure was fully financed from Government grants, 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 40).

The Council generated new capital receipts of £8.3m in 2014/15 and, during the year, £1.4m of receipts were applied to finance capital expenditure.

Further information can be found in the Capital Programme Outturn report to the Executive on 10th June 2015 which is available through <http://sharepoint.bromley.gov.uk/default.aspx>.

Investments

At the year end, the Council held significant investments totalling £255.8m (principal sum). These investments generated net income (£3.4m in 2014/15 compared to £2.2m in 2013/14) to support the revenue budget. This resulted in a surplus on interest on balances (total outturn of £3.441m against a budget of £1.591m). The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2014/15 the net assets of the Pension Fund increased by £116.2m (18.5%).

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 45). 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 a 15 year period from 1st April 2014.

Significant Provisions, Contingencies and Material Write Offs

The annual revaluations carried out in respect of the Council's long-term Property, Plant & Equipment, Investment Properties and current Held for Sale assets identified impairment losses of £45.0m and the balance sheet has been reduced accordingly. There were no material revenue or capital write offs during 2014/15.

Material Events after the Balance Sheet Date

There were no material events after the reporting date and up to the date the accounts were authorised for issue.

Impact of the Current Economic Climate on the Council

The current economic and financial environment provides a difficult and challenging context for the medium term financial strategy. There continue to be financial pressures in many service areas and further action will be required in future years to moderate the underlying growth in spending, address ongoing reductions in Government funding, meet inflation pressures and achieve a revenue budget that does not require unsustainable levels of withdrawals from balances or unsustainable council tax rises.

EXPLANATORY FOREWORD

There have been increasing demands on services which can be linked to the current economic climate, including requests for housing, as well as additional demands on various other services. Demand for financial assistance through housing benefits and council tax support remains high. The current economic climate will also have a negative impact on the Council's income levels.

Interest rates remain low which results in lower investment income and the Council's Treasury Management Strategy has been reviewed to include new lending options such as corporate bonds, fixed income investments, diversified growth funds and property investment funds which aim to provide higher interest returns whilst seeking to preserve capital.

Even with an improvement in the UK economy there are not likely to be any significant improvements in funding at a local level over the next few years and austerity measures for the public sector are expected to continue until at least 2020. The Council needs to continue to address the medium term financial position and details will be reported to the Executive during the year as part of the update on the Council's financial strategy.

Peter Turner
Director of Finance

Further Information

Further Information about the accounts is available from:

Chief Accountant
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.

AUDITORS' REPORT

Independent auditors' report to the Members of the London Borough of Bromley (the "Authority")

Report on the financial statements

Our opinion

In our opinion, the London Borough of Bromley's financial statements (the "financial statements"):

- give a true and fair view of the state of the Authority's affairs as at 31 March 2015 and of the Authority's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Director of Finance has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

AUDITORS' REPORT

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Director of Finance

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Director of Finance; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Director of Finance's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AUDITORS' REPORT

Report on the pension fund accounts

Our opinion

In our opinion, the pension fund accounts contained within the Statement of Accounts of the London Borough of Bromley (the "pension fund accounts"):

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2015, and the amount and disposition of the fund's assets and liabilities as at 31 March 2015; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

What we have audited

The pension fund accounts comprise:

- the Net Assets Statement as at 31 March 2015;
- the Fund Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

In applying the financial reporting framework, the Director of Finance has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword for the financial year for which the pension fund accounts are prepared is consistent with the pension fund accounts.

Responsibilities for the pension fund accounts and the audit

Our responsibilities and those of the Director of Finance

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the pensions fund accounts and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Our responsibility is to audit and express an opinion on the pension fund accounts in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of pension fund accounts involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the pension

AUDITORS' REPORT

fund accounts sufficient to give reasonable assurance that the pension fund accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Director of Finance; and
- the overall presentation of the Pension Fund Accounts.

We primarily focus our work in these areas by assessing the Director of Finance's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Statement of Accounts to identify material inconsistencies with the audited pension fund accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AUDITORS' REPORT

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, the London Borough of Bromley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Our responsibilities and those of the Authority

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

AUDITORS' REPORT

Certificate

TBC

Katy Elstrup (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

September 2015

- (a) The maintenance and integrity of the London Borough of Bromley website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

The Director of Finance Responsibilities

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

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

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

The Director of Finance has also:

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

Director of Finance

I certify that the accounts set out on pages 14 to 106 give a true and fair view of the financial position of the Authority as at 31st March 2015 and of its income and expenditure for the year ended 31st March 2015.

Peter Turner
Director of Finance
17th September 2015

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31st March 2013	20,000	85,218	11,796	16,199	133,213	527,392	660,605	
Movement in Reserves during 2013/14								
Deficit on the provision of services	(49,264)	-	-	-	(49,264)	-	(49,264)	
Other Comprehensive Income and Expenditure	-	-	-	-	-	120,044	120,044	
Total Comprehensive Income and Expenditure	(49,264)	-	-	-	(49,264)	120,044	70,780	
Adjustments between accounting basis & funding basis under regulations	73,834	-	10,191	7,500	91,525	(91,525)	-	7
Net Increase / (Decrease) before Transfers to Earmarked Reserves	24,570	-	10,191	7,500	42,261	28,519	70,780	
Transfers to Earmarked Reserves	(24,570)	24,570	-	-	-	-	-	8
Increase / (Decrease) in 2013/14	-	24,570	10,191	7,500	42,261	28,519	70,780	
Balance at 31st March 2014	20,000	109,788	21,987	23,699	175,474	555,911	731,385	

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31st March 2014	20,000	109,788	21,987	23,699	175,474	555,911	731,385	
Movement in Reserves during 2014/15								
Surplus or Deficit on the provision of services	(38,951)	-	-	-	(38,951)	-	(38,951)	
Other Comprehensive Income and Expenditure	-	-	-	-	-	(26,241)	(26,241)	
Total Comprehensive Income and Expenditure	(38,951)	-	-	-	(38,951)	(26,241)	(65,192)	
Adjustments between accounting basis & funding basis under regulations	40,224	-	6,863	(1,090)	45,997	(45,997)	-	7
Net Increase / (Decrease) before Transfers to Earmarked Reserves	1,273	-	6,863	(1,090)	7,046	(72,238)	(65,192)	
Transfers to Earmarked Reserves	(1,273)	1,273	-	-	-	-	-	8
Increase / (Decrease) in 2014/15	-	1,273	6,863	(1,090)	7,046	(72,238)	(65,192)	
Balance at 31st March 2015	20,000	111,061	28,850	22,609	182,520	483,673	666,193	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
6,543	(4,494)	2,049		5,618	(4,093)	1,525
26,615	(2,877)	23,738		27,591	(1,958)	25,633
31,303	(5,755)	25,548		31,090	(6,133)	24,957
5,476	(2,505)	2,971		5,006	(2,699)	2,307
199,320	(155,303)	44,017		191,734	(143,156)	48,578
37,323	(16,557)	20,766		37,605	(17,069)	20,536
149,830	(137,778)	12,052		147,516	(137,855)	9,661
101,133	(30,831)	70,302		100,188	(32,120)	68,068
12,374	(13,590)	(1,216)		13,837	(13,133)	704
5,800	-	5,800		4,772	-	4,772
(809)	-	(809)		(2,960)	-	(2,960)
574,908	(369,690)	205,218		561,997	(358,216)	203,781
66,393	(1,070)	65,323	9	56,560	(1,619)	54,941
5,796	(6,591)	(795)	10	5,730	(8,925)	(3,195)
-	(220,482)	(220,482)	11	-	(216,576)	(216,576)
647,097	(597,833)	49,264		624,287	(585,336)	38,951
		(11,740)	26			(9,311)
		19,264	26			26,593
		240	26			(1,213)
		(127,808)	45			10,172
		(120,044)				26,241
		(70,780)				65,192

BALANCE SHEET

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

31st March 2014 Restated £000		Notes	31st March 2015 £000
610,155	Property, Plant and Equipment	12	523,287
1,017	Heritage Assets	13	1,017
71,548	Investment Property	14	96,724
39,270	Long Term Investments	15	196,473
3,333	Long Term Debtors	15	3,506
725,323	Long Term Assets		821,007
139,064	Short Term Investments	15	38,908
11,403	Assets Held for Sale (<1yr)	16	8,306
272	Inventories	17	224
24,140	Short Term Debtors	19	19,970
69,698	Cash and Cash Equivalents - Investments	15	22,323
244,577	Current Assets		89,731
4,854	Cash and Cash Equivalents	20	2,658
2,328	Short Term Borrowing	21	2,364
9,100	Provisions	22	10,962
59,987	Short Term Creditors	23	56,237
14,908	Grants Receipts in Advance - Revenue	37	14,860
6,032	Grants Receipts in Advance - Capital	37	6,447
97,209	Current Liabilities		93,528
141,306	Other Long Term Liabilities	24	151,017
141,306	Long Term Liabilities		151,017
731,385	Net Assets		666,193
175,474	Usable Reserves	25	182,520
555,911	Unusable Reserves	26	483,673
731,385	Total Reserves		666,193

The restatement of the 2013/14 Inventories and Short Term Debtors figures is due to the Council no longer treating property rechargeable works as inventories.

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2013/14		Notes	2014/15
£000			£000
49,264	Net Deficit on the Provision of Services		38,951
(112,214)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements	27	(78,069)
28,434	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	27	23,798
<u>(34,516)</u>	Net Cash Flows from Operating Activities		<u>(15,320)</u>
739	Investing Activities	28	71,681
<u>(4,041)</u>	Financing Activities	29	<u>(11,182)</u>
(37,818)	Net (Increase) or Decrease in Cash and Cash Equivalents		45,179
(27,026)	Cash and Cash Equivalents at the Beginning of the Reporting Period		(64,844)
<u>(64,844)</u>	Cash and Cash Equivalents at the End of the Reporting Period	20	<u>(19,665)</u>

Notes to the Core Financial Statements

1 Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31st March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practices. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and is based on International Financial Reporting Standards. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared with reference to:

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

2 Accruals of Income and Expenditure

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

- Revenue from sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected (see Note 19).
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The cash equivalent figure shown on the Balance Sheet (£22.3m as at 31st March 2015) is the total value of cash investments in instant access AAA-rated Money Market Funds and other short-term accessible accounts.

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

Notes to the Core Financial Statements

1 *Statement of Accounting Policies continued*

4 *Presentation of Items in Other Comprehensive Income & Expenditure*

The requirements of IAS 1 require Authorities to separately group items that will be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met and those items that will not be reclassified. In 2013/14 the Council experienced a deficit arising from the downward revaluation of an Available-for-Sale financial asset but has determined that this does not need to be separately grouped as the value is immaterial.

5 *Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors*

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6 *Charges to Revenue for Non Current Assets*

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue (the Minimum Revenue Provision) to reduce its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account and the Movement in Reserves Statement for the difference between the two.

7 *Employee Benefits*

Benefits Payable During Employment

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

Termination Benefits

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

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

7 Employee Benefits continued

Post Employment Benefits

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

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

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

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

Disclosures in relation to retirement benefits can be found in Note 45.

The Local Government Pension Scheme

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

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

The liabilities of the Bromley pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields (in Bromley's case, the discount rate was based on the yields of AA rated corporate bonds of currency and term appropriate to the currency and term of the Fund's liabilities). In 2014/15, this discount rate was 3.4% compared to 4.4% in 2013/14. The higher the discount rate, the lower the value placed on liabilities, but this will have had only a minor impact on the total movement in the overall Pension Reserve deficit during 2014/15 (an increase of £8m). Movements in the Pensions Reserve balance are explained in more detail in Note 45.

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

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

a) Service Cost comprising:

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

7 Employee Benefits continued

b) Net interest cost:

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

c) Remeasurements comprising:

- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pension Fund Reserve as Other Comprehensive Income and Expenditure.

- actuarial gains/losses (changes in the net pensions liability that arise because events have not followed assumptions in the last actuarial valuation or because the actuary has changed his assumptions) - debited or credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

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

In relation to retirement benefits, statutory provisions require the General Fund to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated by the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any amounts payable to the fund but unpaid at the year-end. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows and not as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8 Events After the Balance Sheet Date

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

9 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Currently the Council has no borrowings as such, but has identified a number of contractual arrangements that contain finance leases in respect of vehicles and plant. Details of these are provided in Note 41.

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

10 Financial Assets

Financial assets are classified as either:

- available for sale assets - those with a quoted market price and/or no fixed or determinable payments; or
- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.

Full details are given in Note 15 to the Core Financial Statements.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits for interest receivable to the Financing and Investment Income Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement 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 Code of Practice requires that, when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement. 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge is made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

11 Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

12 Heritage Assets

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

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

The Council has identified assets and valuations where possible, but, in some cases, it has not been possible to carry out or obtain valuations for a number of heritage assets. The Code permits non-disclosure of heritage assets in the financial statements where it would not be practicable to obtain a valuation for the assets at a cost that would be commensurate with the benefits to users of the financial statements. The Council has taken the view that it would not be practicable to obtain valuations of its war memorials and a number of other assets and they are not, therefore, recognised on the Balance Sheet. Further details are included in Note 49.

The Authority's heritage assets included on the Balance Sheet mainly comprise civic regalia and Bromley Museum art collections and are shown in more detail in Note 49. The items have indeterminate lives and are not, therefore, depreciated. They are also valued infrequently, due to their relatively low value in relation to the Authority's overall asset base and the high cost of valuing a diverse set of assets without comparative values.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment and any impairment is recognised and measured in accordance with the Council's general policy on impairment (see accounting policy 17). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment and disposal proceeds are disclosed separately in the notes to the financial statements (see accounting policy 17).

13 Inventories

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

14 Investment properties

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount for which the asset could be exchanged between knowledgeable parties at arms-length. Investment properties are not depreciated but properties of material value are revalued annually. Net gains and losses on revaluation and on disposal are posted to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement. Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and they are, therefore, reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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

Notes to the Core Financial Statements

1 *Statement of Accounting Policies continued*

15 *Leases*

Leases are classified as finance leases where the terms of the lease transfer substantially from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the property, plant or equipment. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

As at 31st March 2015, the Authority holds no finance leases as lessor.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

17 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement when it is incurred.

Measurement

The freehold and leasehold properties that comprise the Council's property portfolio are revalued on the basis required by the Code (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at December 2014 under the responsibility of Heather Hosking BSc FRICS, Head of Strategic Property.

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets and assets under construction - depreciated historical cost
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

17 Property, Plant and Equipment continued

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

Where there is no market-based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following basis:

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

17 Property, Plant and Equipment continued

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use and when that sale is likely to be completed within one year of the Balance Sheet date, it is reclassified as an Asset held for Sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised in the Surplus or Deficit on Provision of Services up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets (Property, Plant & Equipment) and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any valuation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals in excess of £10,000 are categorised as capital receipts. A proportion of housing capital receipts (75% of the proportion of Council House sales received every three years from Broomleigh Housing Association) is payable to the Government.

A capital receipt received on the sale of an asset is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

18 Private Finance Initiative and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide services passes to the PFI contractor. As the Council is deemed to control the services that are provided under such schemes and as the ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council has not entered into any PFI schemes but it has entered into a service concession arrangement, which grants to another company or organisation the right to provide services on behalf of the Council, using infrastructure assets owned by the Council or the contractor. Further details of this are provided in Note 42.

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

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

19 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Details of all provisions are set out in Note 22.

20 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

21 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (Note 47) where it is probable that there will be an inflow of economic benefits or service potential.

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

22 Reserves

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

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

Details of Bromley's revenue reserves are set out in the Movement in Reserves Statement and in Note 8.

Reserves are reported in two categories - Usable and Unusable.

Usable Reserves

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

Unusable Reserves

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

23 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing (the former in Bromley's case), a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

24 Value Added Tax

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

25 Carbon Reduction Commitment Allowances

Accounting for the costs of the Carbon Reduction Commitment Scheme.

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends in March 2019. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions (i.e. carbon dioxide produced as energy is used). As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

1 Statement of Accounting Policies continued

26 Accounting for Council Tax

The collection of Council Tax is in substance an agency arrangement, the cash collected by the Authority from Council Tax debtors belongs proportionately to the billing Authority and the Greater London Authority (GLA). There will therefore be a debtor/creditor position between the billing Authority and the GLA as the net cash paid to them in the year is not the share of cash collected from Council Tax payers.

The Code confirms that Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year.

27 Accounting for NNDR

Following the introduction of Business Rate Localisation, with effect from 1st April 2013, local authorities are responsible for collecting and distributing income from the business rates they collect rather than simply acting in an agency capacity for the DCLG NNDR Pool as they had done until 31st March 2013.

The Council will continue to maintain balances for NNDR arrears, impairment allowances, prepayments and overpayments in its underlying accounting records. However, for the final accounts purposes, NNDR transactions and balances are allocated between the Council, the GLA and Central Government.

28 Local Authority Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore the transactions, cash flows and balances of 37 local authority controlled schools are recognised in each of the financial statements of the authority as if they were transactions, cash flows and balances of the authority.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 has introduced a number of changes in accounting policies which are due to be implemented on 1st April 2015. The new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosures of involvements in other entities.

1 IFRS 13 Fair Value Measurement

The standard now has a consistent definition of fair value introduced by IFRS 13 Fair Value Measurement. Local Authorities shall measure their assets and liabilities and provide disclosures in accordance with IFRS 13 Fair Value Measurement where another section of the Code requires or permits fair value measurement. There are no statutory disclosures required in relation to fair value measurement and therefore no impact as a result of changes in IFRS 13.

2 Annual Improvements to IFRSs 2011-2013 Cycle

The issues included in the Annual Improvements to IFRSs 2011 - 2013 cycle are:

IFRS 1 Meaning of effective IFRSs;

IFRS 3 Scope exceptions for joint ventures;

IFRS 13 Scope of paragraph 52 (portfolio exception); and

IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.

The adoption of the Annual Improvements to IFRSs 2011-2013 Cycle in the Code represents a change in accounting policy that may require the publication of a restated Balance Sheet in the 2015/16 Financial Statements, where the changes brought about by the amendment to standards are material. CIPFA/LASAAC considers it possible but unlikely that the amendments introduced by Annual Improvements to IFRS 2011-2013 Cycle are such a change in accounting policy, therefore these amendments have no impact on the 2014/15 accounts.

3 IFRIC 21 Levies

IFRIC 21 Levies provides guidance on levies imposed by government, government agencies and similar bodies, in the financial statements of entities paying the levy. The IFRIC relates to when to recognise a liability to pay a levy that is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Where an authority considers it has relevant transactions, it shall refer to IFRIC 21. As these amendments relate to 2015/16 there is no impact on the 2014/15 accounts.

3 Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- a) There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities or reduce levels of service provision.
- b) There is a potential breach of contract claim from a social care contractor which has not yet led to proceedings being issued. The Authority repudiates any liability and no provision for potential damages has been made in relation to the claim.
- c) A review in 2010/11 of significant contractual arrangements identified finance leases embedded within some of those contracts. This resulted in some Vehicles and Plant being brought on Balance Sheet from 1st April 2009 (restated in the 2010/11 financial statements). The most significant of these was on the contract for Refuse Collection, which was identified as a Service Concession. The vehicles used by the contractor are now included on the Balance Sheet under Property, Plant and Equipment. The value of these finance leases at 31st March 2015 was £4,287k.
- d) In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2015, a total of £4,783k had been received from the administrator (94% of the Council's total claim of £5,087k). In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, as estimates of recovery have improved, part-reversals of those impairment losses have been made, including, most recently, £310k in 2013/14. This reduced the balance of the provision for potential loss to £300k (6% of the Council's total claim). Notification was received in May 2015 that a further unspecified distribution will be made to creditors in August 2015.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2015 for which there is a risk of adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the asset. In any event, useful lives are reviewed regularly.

Effect if Actual Results Differ

If the useful life of the assets is reduced, depreciation increases and the carrying amount of the asset falls.

Business Rates

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

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

Pensions Liability

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

Effect if Actual Results Differ

The effects on the net pensions liability of changes in individual assumptions can be significant. For instance, in 2010, the Government announced that pension increase orders would in future be linked to CPI rather than RPI. CPI is lower (2.7% assumed) than RPI (3.9% assumed) and this had the effect of reducing the Fund's net liability by £60m in 2010/11. Conversely, in 2011/12, the Fund's net liability increased by some £82m because a) actual investment returns in the year (2.2%) were lower than the actuary's assumption (6.6%), which caused asset values to reduce and b) the discount rate (corporate bond yield) used by the actuary to value the Fund's liabilities reduced from the original assumption of 5.5% to 4.6%, which caused liability values to go up. In 2012/13, the Council's net liability remained relatively stable (up by £8.5m, which was primarily due to interest emerging on the net liability figure of £251m as at 31st March 2012). In 2013/14, the net liability fell by some £120m (from £260m to £140m). This was mainly due to positive experience since the 2010 valuation. Other positive factors included favourable investment returns during the year and improved market conditions, which reduced the value placed on the liabilities. In 2014/15, the net liability rose slightly from £140m to £148m, which, as in 2012/13, was mainly due to interest on liabilities being higher than interest on assets.

The impact in future years will be assessed by the Council's actuary in subsequent IAS 19 reports.

Arrears

Uncertainties

At 31st March 2015, the Authority had a balance of sundry debtors of £7,535k. A review of the category, age and status of these debts suggested that an impairment of doubtful debts of 14.8% (£1,119k) was appropriate.

Effect if Actual Results Differ

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

5 Exceptional Items

Loss Recognised on Disposals of Long-Term Assets

During 2014/15, seven of the Council's Primary Schools adopted academy status (8 in 2013/14). In addition, a former residential home was donated to an Academy for use as a school. As a result Property, Plant & Equipment values, totalling £55.1m (£64.9m in 2013/14), have been removed from the balance sheet. This has been treated as a loss on disposal in these accounts, as the Council has effectively disposed of the schools for no receipt. In accordance with the accounting requirements of the Code, a debit of £55.1m has been posted in 2014/15 to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement (see Note 9), with a corresponding reduction to long-term assets (property, plant & equipment - see Note 12). Accumulated revaluation gains of £14.7m (£11.3m in 2013/14) have been transferred from the Revaluation Reserve to the Capital Adjustment Account (both included in figures in Note 26) and, in order to ensure that the total "loss" does not impact on the General Fund, the debit of £55.1m has been reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

Notes to the Core Financial Statements

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 17th September 2015. The existence of events after the Balance Sheet date has been considered up to this date and there are none to disclose. Events taking place after this date are not reflected in the financial statements or notes.

7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Notes to the Core Financial Statements

7 Adjustments between Accounting Basis and Funding Basis under Regulations continued

<u>2014/15</u>	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive I&E Statement:</i>				
Depreciation and impairment of non-current assets	(23,584)	-	-	23,584
Movements in the fair value of investment properties	2,525	-	-	(2,525)
Capital grants & contributions applied	16,726	-	-	(16,726)
Revenue expenditure funded from capital under statute	(17,559)	-	-	17,559
Non current assets written off on disposal or sale	(62,167)	-	-	62,167
<i>Insertion of items not debited or credited to the Comprehensive I & E Statement:</i>				
Statutory provision for capital financing	1,083	-	-	(1,083)
Capital expenditure charged against the General Fund	31,225	-	-	(31,225)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	1,090	(1,090)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the CI&E Statement	7,072	(7,072)	-	-
Use of Capital Receipts Reserve to finance capital expenditure	-	1,432	-	(1,432)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(4)	4	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,227)	-	1,227
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited to the CI&E Statement	1,577	-	-	(1,577)
Adjustments primarily involving the Pensions Reserve:				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 45)	(15,614)	-	-	15,614
Employer's pension contributions and direct payments to pensioners payable in the year	17,578	-	-	(17,578)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the CI&E Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	902	-	-	(902)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	16	-	-	(16)
Total Adjustments	(40,224)	(6,863)	1,090	45,997

Notes to the Core Financial Statements

7 Adjustments between Accounting Basis and Funding Basis under Regulations continued

<u>2013/14 Comparative Figures</u>	Usable Reserves			Movement
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive I&E Statement:</i>				
Depreciation and impairment of non-current assets	(32,036)	-	-	32,036
Movements in the fair value of investment properties	6,997	-	-	(6,997)
Capital grants & contributions applied	11,019	-	-	(11,019)
Revenue expenditure funded from capital under statute	(12,156)	-	-	12,156
Non current assets written off on disposal or sale	(74,825)	-	-	74,825
<i>Insertion of items not debited or credited to the Comprehensive I & E Statement:</i>				
Statutory provision for capital financing	1,154	-	-	(1,154)
Capital expenditure charged against the General Fund	13,681	-	-	(13,681)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants unapplied credited to the CI&E Statement	7,500	-	(7,500)	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the CI&E Statement	9,915	(9,915)	-	-
Use of Capital Receipts Reserve to finance capital expenditure	-	510	-	(510)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(3)	3	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(789)	-	789
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited to the CI&E Statement	1,033	-	-	(1,033)
Adjustments primarily involving the Pensions Reserve:				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 45)	(25,294)	-	-	25,294
Employer's pension contributions and direct payments to pensioners payable in the year	17,687	-	-	(17,687)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the CI&E Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	529	-	-	(529)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	965	-	-	(965)
Total Adjustments	(73,834)	(10,191)	(7,500)	91,525

Notes to the Core Financial Statements

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14 and 2014/15.

	Balance at 31st March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31st March 2015 £000
Balances Held by Schools	6,767	2,967	744	4,544
Insurance Fund	2,981	958	865	2,888
LPSA Reward Grant Investment Fund	296	65	-	231
LAA Reward Grant Investment Fund	750	-	-	750
Technology Fund	1,801	-	23	1,824
Reserve for Potential Redundancy Costs	115	-	1	116
Public Halls Fund	8	1	-	7
Town Centre Improvement Fund	66	-	-	66
Ex Glaxo Land Maintenance	183	7	3	179
Building Control Charging Account	68	68	131	131
Grant Related Expenditure	2,352	2,000	2,021	2,373
Investment to Community Fund	655	31	-	624
Works to Property	100	-	-	100
Investment Fund	51,193	32,818	15,295	33,670
Invest to Save	15,975	4,193	1,561	13,343
Bromley Welcare	29	-	-	29
One-off Member Initiatives	1,162	124	-	1,038
Interest Rate Risk Reserve	1,185	1,185	-	-
Infrastructure Investment Fund	2,000	-	-	2,000
Provision for Impact of Recession	1,500	1,500	-	-
Commissioning Authority Programme	99	13	-	86
Health & Social Care - Promise Programme	5,953	-	-	5,953
Housing Strategy Trading Account	29	29	14	14
Community Right to Bid & Challenge	30	-	16	46
Glades Refurbishment	572	475	-	97
Winter Pressures	1,542	-	-	1,542
Impact of Winter Damage - Potholes & Highways	1,000	1,000	-	-
Provision for Emergency Flood Damage	100	100	-	-
Refurbishment of War Memorials	25	9	-	16
Key Health & Social Care Initiatives	1,700	-	-	1,700
Integration of Health & Social Care Initiatives	1,937	228	-	1,709
Cheyne Woods & Cyphers Gate	192	5	-	187
Healthy Bromley Fund	2,670	105	1,250	3,815
Transformation Fund	4,753	429	2	4,326
Future Repairs of High Street Properties	-	-	7	7
Collection Fund Surplus Set Aside	-	-	2,964	2,964
Parrallel Fund	-	-	2,866	2,866
Growth Fund	-	-	10,000	10,000
Health & Social Care Integrated Commissioning	-	-	4,550	4,550
Bromley Youth Music Trust	-	-	77	77
Financial Planning & Risk Reserve	-	-	5,000	5,000
Bromley Welfare Fund	-	-	970	970
PIL Reserve for Temporary Accommodation	-	-	23	23
Business Rate Risk Reserve	-	-	1,200	1,200
	109,788	48,310	49,583	111,061

Notes to the Core Financial Statements

8 Transfers to/from Earmarked Reserves continued

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13 and 2013/14.

	Balance at 31st March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31st March 2014 £000
Balances Held by Schools	6,432	1,517	1,852	6,767
Insurance Fund	3,022	1,376	1,335	2,981
LPSA Reward Grant Investment Fund	301	88	83	296
LAA Reward Grant Investment Fund	830	80	-	750
Technology Fund	1,786	-	15	1,801
Street Services Reinstatement Fund	483	483	-	-
Reserve for Potential Redundancy Costs	1,097	1,202	220	115
Public Halls Fund	12	4	-	8
Town Centre Improvement Fund	66	-	-	66
Ex Glaxo Land Maintenance	189	7	1	183
Building a Better Bromley Initiatives	83	83	-	-
Prevent Funding	46	46	-	-
Building Control Charging Account	22	22	68	68
Grant Related Expenditure	1,070	1,014	2,296	2,352
Investment to Community Fund	408	3	250	655
Works to Property	100	-	-	100
Investment Fund	37,319	6,109	19,983	51,193
Invest to Save	17,301	3,518	2,192	15,975
Bromley Welcare	104	75	-	29
One-off Member Initiatives	1,528	366	-	1,162
Interest Rate Risk Reserve	1,185	-	-	1,185
Infrastructure Investment Fund	2,000	-	-	2,000
Provision for Impact of Recession	1,500	-	-	1,500
Commissioning Authority Programme	204	105	-	99
Health & Social Care - Promise Programme	7,495	1,542	-	5,953
Housing Strategy Trading Account	50	50	29	29
Community Right to Bid & Challenge	13	-	17	30
Glades Refurbishment	572	-	-	572
Winter Pressures	-	-	1,542	1,542
Impact of Winter Damage - Potholes &	-	-	1,000	1,000
Replacement of Fallen Trees - Storm Damage	-	100	100	-
Provision for Emergency Flood Damage	-	-	100	100
Refurbishment of War Memorials	-	-	25	25
Key Health & Social Care Initiatives	-	-	1,700	1,700
Integration of Health & Social Care Initiatives	-	-	1,937	1,937
Cheyne Woods & Cyphers Gate	-	-	192	192
Healthy Bromley Fund	-	-	2,670	2,670
Transformation Fund	-	-	4,753	4,753
	85,218	17,790	42,360	109,788

Notes to the Core Financial Statements

8 Transfers to/from Earmarked Reserves continued

- Balances Held by Schools (under a Scheme of Delegation) - school balances represent sums delegated to schools in accordance with the Education Reform Act 1988 which had not been spent at 31st March. Any underspending on the budget of the school remains at the disposal of the school to spend in future financial years.
- Insurance Fund - provides for the self-insurance of all losses up to a maximum in any year of £500k for material damage claims and £1,965k for Employers and Public Liability claims. External insurers are used to provide for losses in excess of these sums.
- Local Public Service Agreement (LPSA) Reward Grant - relates to Reward Grant received in 2005/06 and 2006/07 as a result of achievement of performance targets in LPSA1.
- LAA Reward Grant - relates to reward grant received from the Government as a result of the achievement of performance targets in our Local Area Agreement.
- Technology Fund - exists to provide resources to allow investment in ICT within the Borough to help improve the efficiency of departments and provide more comprehensive information and communication systems for Members, officers and the public.
- 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.
- Town Centre Improvement Fund - the Council has received funding through the Local Authority Business Growth Incentive Scheme which has been set aside to provide a contribution to the Town Centre Development Fund. A sum of £1,022k was ringfenced to contribute towards the costs associated with the relocation of Orpington Library. The balance is available for expenditure related to the development and sustainability of town centres.
- Ex Glaxo Land Maintenance - an endowment has been received for future maintenance of land conveyed to the London Borough of Bromley.
- Building a Better Bromley Initiatives - funding received by the Authority through the Local Authority Business Growth Incentive Scheme which has been set aside for one-off spending initiatives. In 2013/14, the remaining balance on the reserve (£83k) was transferred to the LPSA Reward Grant reserve.
- Prevent Funding - an extended 3 year mentoring scheme for young people assessed as being at risk of developing criminal or anti-social behaviour. It is for the recruitment, matching and management of volunteer mentors for young people within the Borough.
- Building Control Charging Account - to account for surpluses and funding of deficits to be offset against future charges in accordance with Bromley's Building Regulations Charging Scheme.
- Grant Related Expenditure - established to account for the carry forward of underspends of grant related expenditure where there are no conditions attached to the associated grant income.
- Investment to Community Fund - set up in 2009/10 to provide investment to the community and voluntary sector as determined by Members.
- Works to Property - a fund set aside to meet potential unrecoverable costs associated with works to a property.

8 Transfers to/from Earmarked Reserves continued

- Investment Fund - a fund established to maximise economic growth which will include investment opportunities and undertaking key infrastructure improvements. A key strand of the Council's financial strategy relates to economic development and generating income. The fund will provide key regeneration opportunities whilst also being utilised to provide a long term alternative income stream. In 2014/15, £10m was transferred to the Growth Fund.
- Invest to Save - a fund established in 2011/12 to support invest to save initiatives with any savings taking into account an element for repaying the fund whilst generating further savings that can be factored into future years' budgets.
- Bromley Welcare - set aside to commission a time limited, step up/step down service as part of a managed funding strategy.
- One-off Member Initiatives - a fund set aside to be earmarked against Member priority initiatives to be delivered by the Executive or Portfolio Holders as appropriate.
- Interest Rate Risk Reserve - funding set aside to partly mitigate against the risk of further reductions in investment income in light of increasing uncertainty about future investment returns. In 2014/15, the balance on this fund (£1,185k) was transferred to the Parallel Fund.
- Infrastructure Investment Fund - funding set aside to partly reduce the risk of reducing levels of property and equipment maintenance which could result in more costly longer term costs being incurred.
- Provision for Impact of the Recession - monies set aside as a provision for impact of the recession. In 2014/15, the balance on this fund (£1,500k) was transferred to the Parallel Fund.
- Commissioning Authority Programme - monies set aside to finance work associated with transforming LBB into a commissioning-based organisation.
- Health & Social Care 'Promise Programme' - monies set aside of funding from the PCT for investment in further integration of health and social care initiatives and the 'Promise Programme'.
- Housing Strategy Trading Account - to account for surpluses and funding of deficits to be offset against future affordable housing charges.
- Community Right to Bid and Challenge - funding set aside to specifically meet the costs arising from administering the scheme and to nominate officers to assess the asset of the community value nominations and any compensation claims from owners.
- Glades Refurbishment - monies set aside for the refurbishment of the Glades Shopping Centre
- Winter Pressures (Social Care & Health) - monies set aside of funding from the PCT to invest in social care services to benefit health and improve overall health gain.
- Impact of Winter Damage Potholes & Highways - a reserve established to meet additional maintenance costs following damage caused to the Borough's highways network during the 2013/14 winter.
- Replacement of Fallen Trees following Storm Damage - a reserve created to meet additional costs following damaged to trees across the Borough as a result of the 2013/14 winter storms.
- Provision for Emergency Flood Damage - a reserve set up to meet costs of the clean-up operation associated with flooding across the Borough following heavy rainfall in the early months of 2014.
- Refurbishment of War Memorials - monies set aside for the refurbishment of war memorials.
- Key Health and Social Care Initiatives - funding set aside as part of the wider integration of health and social care to support future integration and investment initiatives.

Notes to the Core Financial Statements

8 Transfers to/from Earmarked Reserves continued

- Integration of Health and Social Care Initiatives - funding set aside as part of the wider integration of health and social care to support future integration and investment initiatives.
- Cheyne Woods & Cypher's Gate - funding received to enable future land maintenance costs of these sites.
- Healthy Bromley Fund - monies set aside as a cross-Council fund to support key initiatives that will help improve the wellbeing of Bromley residents.
- Transformation Fund - funding set aside to meet potential severance costs arising from a need for significant budget savings to be achieved over the next few years, and additional costs arising from a need to support staff in a changing organisation.
- Future Repairs of High Street Properties - funding set aside from annual rental income to deal with required repairs and structural work on High Street properties, acquired as part of the Council's investment property portfolio.
- Collection Fund Surplus Set Aside - monies set aside towards meeting the 'budget gap' in 2015/16.
- Parallel Fund - a reserve set up in 2014/15 with the aim of providing for the potential future impact of actuarial reviews of the Council's Pension Fund.
- Growth Fund - an allocation of £10m from the Investment Fund was set aside in 2014/15 as a reserve for investments that support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre.
- Health and Social Care Integrated Commissioning - a reserve set up from one off funding from the Bromley Clinical Commissioning Group, to deliver the investment required by Health working with the Council to deliver integrated 'out of hospital' services across the whole health and care system.
- Bromley Youth Music Trust - a one off sum of £77k set aside to contribute to the funding of the Trust and support their activities in Bromley during 2015/16.
- Financial Planning/Risk Reserve - funding set aside in 2014/15 to deal with the impact of the ongoing budget gap and possible utilisation of the reserve to support future years budgets.
- Bromley Welfare Fund - a fund for a 'White Goods and Furniture Scheme' to help with the impact of Welfare reforms on the discretionary housing payments budget.
- Payments in Lieu (PIL) Reserve for Temporary Accommodation - a reserve set up for surplus rental income from properties purchased with Payment in Lieu Funds for Temporary Accommodation. The reserve will be used for repairs and maintenance costs of the properties, and for the provision of further affordable housing.
- Business Rates Risk Reserve - a fund established to manage the impact of any unexpected reductions in retained business rate income during 2015/16 and future years.

Notes to the Core Financial Statements

9 Other Operating Expenditure

2013/14	2014/15
£000	£000
1,468 Levies	1,423
3 Payments to Government Housing Capital Receipts Pool	4
(1,033) Other Income	(1,577)
(37) Distribution of former LRB Balances	(42)
- Contribution to former LRB Balances	38
64,922 Losses on the Disposal of Non-Current Assets *	55,095
65,323 Total	54,941

* The charge of £55.1m in 2014/15 (£64.9m in 2013/14) relates to losses on property, plant and equipment assets as a result of the adoption of academy status by a number of primary schools. Further details are provided in the Exceptional Items note (Note 5).

10 Financing and Investment Income and Expenditure

2013/14	2014/15
£000	£000
538 Interest Payable and Similar Charges	674
10,732 Net Interest on the Net Defined Benefit Liability	5,675
(2,450) Interest Receivable and Similar Income	(3,993)
(9,615) (Income)/Expenditure in Relation to Investment Properties and changes in their fair value	(5,551)
(795) Total	(3,195)

11 Taxation and Non Specific Grant Income

2013/14	2014/15
£000	£000
(126,297) Council Tax Income	(130,352)
(24,673) Business Rates Income	(23,419)
(65,021) Non-Ringfenced Government grants	(59,681)
(4,491) Capital Grants and Contributions	(3,124)
(220,482) Total	(216,576)

Notes to the Core Financial Statements

12 Property, Plant and Equipment

Movements on Balances

	Land & Buildings Vehicles, Plant, Furniture & Equipment £000	£000	£000	£000	£000	£000	£000	£000
Movements in 2014/15								
Cost or Valuation								
Balance at 1st April 2014	645,737	34,389	121,312	2,494	15,081	15,183	834,196	
Additions	1,795	2,866	7,553	-	-	904	13,118	
Revaluation increases recognised in Revaluation Reserve	7,226	-	-	-	-	-	7,226	
Other Movements	-	159	-	-	-	-	159	
Derecognition - disposals	(54,513)	(2,321)	-	-	-	-	(56,834)	
Assets reclassified to Investment Properties	-	-	-	-	-	-	-	
Other Assets reclassified	2,500	-	-	-	(2,500)	-	-	
Assets reclassified to Assets Held for Sale	(225)	-	-	-	(1,972)	-	(2,197)	
As at 31st March 2015	602,520	35,093	128,865	2,494	10,609	16,087	795,668	
Accumulated Depreciation & Impairment								
As at 1st April 2014	(171,736)	(11,585)	(33,255)	(1,126)	(6,339)	-	(224,041)	
Depreciation charge	(3,568)	(1,150)	(3,325)	(83)	(11)	-	(8,137)	
Impairment losses recognised in Revaluation Reserve	(24,149)	-	-	-	(2,326)	-	(26,475)	
Impairment (losses)/reversals recognised in Deficit on Provision of Services	(13,831)	(1,561)	-	-	(25)	-	(15,417)	
Derecognition - disposals	1,689	-	-	-	-	-	1,689	
As at 31st March 2015	(211,595)	(14,296)	(36,580)	(1,209)	(8,701)	-	(272,381)	
Net Book Value								
As at 31st March 2015	390,925	20,797	92,285	1,285	1,908	16,087	523,287	
As at 31st March 2014	474,001	22,804	88,057	1,368	8,742	15,183	610,155	

Notes to the Core Financial Statements

12 Property, Plant and Equipment continued

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Movements in 2013/14							
Cost or Valuation							
Balance at 1st April 2013	704,889	37,143	114,552	2,494	19,697	15,101	893,876
Additions	-	242	6,760	-	-	82	7,084
Revaluation increases recognised in Revaluation Reserve	7,830	7	-	-	2,504	-	10,341
Derecognition - disposals	(64,199)	(3,003)	-	-	-	-	(67,202)
Assets reclassified to Investment Properties	-	-	-	-	(395)	-	(395)
Other Assets reclassified	3,225	-	-	-	(3,225)	-	-
Assets reclassified to Assets Held for Sale	(6,008)	-	-	-	(3,500)	-	(9,508)
As at 31st March 2014	645,737	34,389	121,312	2,494	15,081	15,183	834,196
Accumulated Depreciation & Impairment							
As at 1st April 2013	(129,106)	(8,507)	(30,157)	(1,043)	(6,116)	-	(174,929)
Depreciation charge	(5,653)	(1,222)	(3,098)	(83)	(11)	-	(10,067)
Impairment losses recognised in Revaluation Reserve	(19,149)	-	-	-	(15)	-	(19,164)
Impairment losses recognised in deficit on Provision of Services	(19,916)	(1,856)	-	-	(197)	-	(21,969)
Derecognition - disposals	2,088	-	-	-	-	-	2,088
As at 31st March 2014	(171,736)	(11,585)	(33,255)	(1,126)	(6,339)	-	(224,041)
Net Book Value							
As at 31st March 2014	474,001	22,804	88,057	1,368	8,742	15,183	610,155
As at 31st March 2013	575,783	28,636	84,395	1,451	13,581	15,101	718,947

Notes to the Core Financial Statements

12 Property, Plant and Equipment continued

(i) Depreciation

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

Land is not depreciated.

Buildings – straight-line depreciation on remaining useful lives ranging from 36 to 87 years.

Community Assets - straight-line depreciation over 30 years.

Surplus Assets are not depreciated.

Vehicles, Plant, Furniture & Equipment – straight-line depreciation over 5 to 20 years down to residual value.

Infrastructure – straight-line depreciation over 15 to 40 years.

(ii) Capital Commitments

At 31st March 2015, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £23.5m. This mainly comprised commitments relating to works at schools funded by Basic Need grant (£17.4m), the expansion of The Glebe School (£3.7m) and the replacement of street lighting columns (£1.6m). Commitments at 31st March 2014 totalled £11.8m.

(iii) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. In 2014/15, all valuations were carried out by Wilks, Head and Eve. Up to and including 2011/12, all valuations were carried out internally.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The methodology for estimating the fair values of Property, Plant and Equipment is set out in the Statement of Accounting Policies (policy 17).

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant, & Equipment £000
<i>Carried at Historical Cost as at:</i>							
31st March 2015	-	30,951	92,285	1,285	-	16,087	140,608
<i>Valued at Fair Value as at:</i>							
31st March 2015	(15,426)	(2,006)	-	-	(5,854)	-	(23,286)
31st March 2014	221,425	(5,832)	-	-	(170)	-	215,423
31st March 2013	(38,029)	(2,701)	-	-	2,836	-	(37,894)
31st March 2012	(52,087)	(3,941)	-	-	(577)	-	(56,605)
31st March 2011	275,042	4,326	-	-	5,673	-	285,041
Total Assets at Fair Value	390,925	(10,154)	-	-	1,908	-	382,679
Total Property, Plant & Equipment							
31st March 2015	390,925	20,797	92,285	1,285	1,908	16,087	523,287

Notes to the Core Financial Statements

12 Property, Plant and Equipment continued

Property, Plant & Equipment and Investment Properties owned by the Council include the following:

	Number as at 31st March 2014	Number as at 31st March 2015	Range of estimated useful lives (Years)
Operational Buildings			
Civic Centre	1	1	41
Other Offices	4	4	41-44
Primary Schools	35	29	37-86
Special Schools/Units	5	5	37-39
Social Services - Homes & Day Centres	11	12	39-47
Crystal Palace National Sports Centre	1	1	n/a
Leisure Centres/Swimming Pools	7	7	40-41
Libraries	15	15	39-44
Golf Courses	3	3	38-39
Churchill Theatre	1	1	39
Cemetery chapels	6	6	43-44
Surface Car Parks	22	22	n/a
Multi-Storey Car Parks	3	3	55-56
Public Conveniences	11	9	40-87
Operational Equipment			
Vehicles & Plant			
- owned	22	22	0-20
- held under finance leases	92	97	3-7
Infrastructure Assets			
Road (kilometres)	886.0	886.0	15-40
Community Assets			
Parks and Open Spaces (hectares)	1,262.7	1,262.7	n/a
Surplus Properties	25	18	n/a
Investment Properties			
Agricultural Properties	16	16	n/a
Biggin Hill Airport	1	1	n/a
Other Investment Properties	164	149	n/a

Notes to the Core Financial Statements

13 Heritage Assets

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

	Mayoral Regalia £000	Art Works £000	Total Assets £000
Cost or Valuation			
1st April 2013	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2014	<u>673</u>	<u>344</u>	<u>1,017</u>
Cost or Valuation			
1st April 2014	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2015	<u>673</u>	<u>344</u>	<u>1,017</u>

Further details of Heritage Assets are provided in Note 49 and details of the accounting arrangements are provided in the Statement of Accounting Policies (policy 12).

14 Investment Property

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

2013/14 £000	2014/15 £000
(4,141) Rental Income from Investment Property	(4,932)
1,523 Direct Operating Expenses arising from Investment Property	1,881
<u>(2,618) Net gain</u>	<u>(3,051)</u>

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

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

2013/14 £000	2014/15 £000
61,422 Balance at Start of Year	71,548
6,047 Purchases	22,651
(2,918) Reclassifications from PP&E assets	-
6,997 Net Gains/(Losses) from Fair Value Adjustments	2,525
<u>71,548 Balance at End of Year</u>	<u>96,724</u>

Lessee disclosures for investment properties held under operating leases are included in Note 41. Details of the number of investment properties held are included in Note 12.

Notes to the Core Financial Statements

15 Financial Instruments

Financial Assets

Financial assets are classified into two 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. The Council had six such investments as at 31st March 2015, the gain (loss as at 31st March 2014) on which is recorded in the Available for Sale Reserve (Note 26).

Loans and Receivables

Loans and receivables are divided on the Balance Sheet between Long Term Assets (long term investments placed for more than 1 year) and Current Assets (short term investments placed for less than 1 year). Investments that match the Code's definition of cash equivalents ("short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of a change in value") are shown as Cash and Cash Equivalents under Current Assets.

The following loans and receivables are carried as financial instruments in the balance sheet:

Financial Assets

(a) Investments as at 31st March

2014 £000		2015 £000
	Long Term Investments (placed for longer than 1 year)	
	<i>Loans and Receivables</i>	
10	- Government Stock	-
-	- Banks	65,000
34,500	- Local Authorities	55,500
	<i>Available for Sale</i>	
4,760	- Property Fund	15,062
-	- Diversified Growth Funds	10,593
-	- Certificates of Deposit	50,318
<u>39,270</u>		<u>196,473</u>
	Short Term Investments (placed for less than 1 year)	
	<i>Loans and Receivables</i>	
102,832	- Banks	15,274
10,017	- Building Societies	-
25,156	- Local Authorities	17,522
	<i>Available for Sale</i>	
1,059	- Corporate Bonds	-
-	- Property Fund	131
-	- Diversified Growth Funds	615
-	- Certificates of Deposit	5,366
<u>139,064</u>		<u>38,908</u>
	Cash and Cash Equivalents	
69,698	- Money Market Funds and other short-term liquid deposits	22,323
<u>248,032</u>		<u>257,704</u>

In accordance with the requirements of the Code, accruals for investment interest income due during the year but not received as at 31st March are included with short term investments in the Balance Sheet. The balances as at 31st March 2015 include a total principal sum of £255,774k and total accrued interest of £1,930k (£247,130k and £902k as at 31st March 2014).

Notes to the Core Financial Statements

15 Financial Instruments continued

(b) Gains / Losses on Loans and Receivables

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to loans and receivables are made up as follows:

2013/14			2014/15		
Financial Liabilities £000	Loans & Receivables £000	Total £000	Financial Liabilities £000	Loans & Receivables £000	Total £000
-	(2,360)	(2,360)	-	(3,705)	(3,705)
-	(2,360)	(2,360)	-	(3,705)	(3,705)
		Interest Income			
		Net Gain for the year			

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 Comprehensive Income and Expenditure Statement and debit entries are then posted in respect of interest paid to internally held funds.

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

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

2014 £000	Mortgages	2015 £000
1,311	Loans to Housing Associations	-
23	Loans to Council House Purchasers	20
36	Loans to Private House Purchasers	12
1,370		32
	Others	
	Broomleigh Housing Association (Affinity Homes Group)	
	Property Transfer	
1,028	- Sale of Council Houses *	2,606
8	- Deferred Interest Earnings *	26
610	Loans for Miscellaneous Advances	414
20	Loans for Transferred Services	15
281	Loans to Schools	395
16	Loans to Private Street Work Frontagers	18
1,963		3,474
3,333		3,506

* 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 every three years. A debtor is included in the accounts until the money is actually received; a long-term debtor in the first two years and a short-term debtor in the final year. The last receipt was in April 2013. A long-term debtor of £1,036k (including accrued interest) was included in the 2013/14 accounts, which comprised 14 sales. In 2014/15, a further 18 properties were sold and an additional long-term debtor of £1,596k (including accrued interest) was included on the Balance Sheet as at 31st March 2015. The next receipt is due in April 2016.

Notes to the Core Financial Statements

15 Financial Instruments continued

(d) Fair Value of Financial Assets and Liabilities

Fair value is defined as the amount for which an asset could be exchanged, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair values for loans and receivables have been determined by using the Net Present Value (NPV) approach which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration (i.e. from valuation date to maturity). The structure and terms of the comparable instrument should also be the same. The rates used in the valuation were obtained from the market on 31st March, using bid prices where applicable.

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

The fair values calculated are as follows:

	31st March 2014		31st March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments less than 1 year	208,762	208,762	61,231	61,231
Investments greater than 1 year	39,270	39,250	196,473	197,996
Total Investments	248,032	248,012	257,704	259,227

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

The fair value of trade and other receivables is taken to be the invoiced or billed amount. Short term debtors and creditors are carried on the balance sheet at cost as this is a fair approximation of their value.

Notes to the Core Financial Statements

16 Assets Held for sale

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

Assets Held for Sale that are expected to be sold within 1 year of the Balance Sheet date are shown on the Balance Sheet as Current Assets.

2013/14 £000		2014/15 £000
7,189	Balance outstanding at start of year	11,403
	Assets newly classified/(declassified) as held for sale:	
9,508	Property, Plant and Equipment	2,197
3,313	Investment Properties	-
(100)	Revaluation losses - recognised in Revaluation Reserve	(118)
-	- recognised in deficit on Provision of Services	(30)
1,399	Revaluation gains	1,926
(9,906)	Assets sold	(7,072)
11,403	Balance outstanding at year-end	8,306

17 Inventories

	Road Salt		Other Consumables		Total	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	Restated 2013/14 £000
Balance outstanding at start of year	255	225	17	22	272	247
Purchases	36	48	-	143	36	191
Usage/Payment/Transfers during the year	(82)	(18)	(2)	(148)	(84)	(166)
Balance outstanding at year-end	209	255	15	17	224	272

18 Construction Contracts

Details of capital schemes in progress and outstanding commitments as at the balance sheet date are provided in Note 12.

Notes to the Core Financial Statements

19 Short - Term Debtors

Restated 31st March 2014 Net £000		Gross £000	Allowance for Bad Debts £000	31st March 2015 Net £000
<i>Debtors</i>				
4,937	Central Government Bodies	4,421	-	4,421
3,721	Other Local Authorities	1,733	-	1,733
2,676	NHS Bodies	968	-	968
139	Public Corporations and Trading Funds	108	-	108
875	Council Tax	11,313	10,241	1,072
334	NNDR	522	229	293
10,200	Other Entities and Individuals	27,676	18,164	9,512
22,882		46,741	28,634	18,107
1,258	<i>Payments in Advance</i>			1,863
24,140				19,970

20 Cash and Cash Equivalents

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

2013/14 £000		2014/15 £000
24	Cash held by the Authority	30
(4,878)	Bank Current Accounts	(2,688)
69,698	Short-term Deposits with Money Market Funds*	22,323
64,844	Total Cash and Cash Equivalents	19,665

* Short-term investments that meet the Code's definition of cash equivalents are also referred to in Note 15 (a).

Notes to the Core Financial Statements

21 Financial Liabilities

Short Term Borrowing (Temporary Loans)

	Balance as at 31st March 2014 £000	Loans Raised £000	Loans Repaid £000	Balance as at 31st March 2015 £000
Pension Fund	2,096	-	1,090	1,006
Former LRB Fund	232	1,126	-	1,358
	2,328	1,126	1,090	2,364

22 Provisions

	Outstanding Legal Cases (a) £000	Injury & Damage Compensation Claims (b) £000	Other Provisions (c) £000	Total £000
Balance at 1 April 2014	209	1,755	7,136	9,100
Additional Provisions made in year	60	865	3,468	4,393
Amounts used in year	26	953	564	1,543
Unused amounts reversed in year	137	-	851	988
Balance at 31st March 2015	106	1,667	9,189	10,962

(a) Outstanding Legal Cases: the Council made provision for the financial implications arising from a number of legal cases totalling £106k.

(b) Injury and Damage Compensation Claims: this provision represents the estimated potential cost of insurance claims received but not settled by the Council as at 31st March 2015 (326 claims with a total estimate of £1,667k).

(c) Other Provisions include the following:

Provision has been made which represents the potential need to reimburse clients falling under Section 117 of the Mental Health Act who had previously been charged for residential care. No reimbursements have been made during 2014/15 and a sum of £628k has been carried forward into 2015/16.

Provision of £1,753k has been made to reflect potential losses in business rates income as a result of changes to the rating list arising from successful appeals.

There are uncertainties regarding potential funding streams and liabilities for Learning Disabilities and Mental Health clients and a provision of £1,275k has been made.

A provision of £738k has been made for the potential repayment of housing benefit subsidy, mainly arising from uncertainty relating to government subsidy for overpayments generated from L.A. errors.

All other provisions are individually insignificant.

Notes to the Core Financial Statements

23 Short - Term Creditors

31st March 2014 £000	Creditors	31st March 2015 £000
3,492	Central Government Bodies	2,768
1,898	Other Local Authorities	1,912
4,351	NHS Bodies	2,205
1,709	Council Tax	1,824
3,065	Council Tax Precepts (GLA)	3,639
1,145	NNDR Central Government	2,564
456	NNDR GLA	881
618	NNDR LBB	496
36,055	Other Entities and Individuals	32,671
52,789		48,960
	Receipts in Advance	
103	Central Government Bodies	-
40	Other Local Authorities	-
1,550	NHS Bodies	982
2,651	Council Tax	2,959
459	NNDR LBB	583
2,395	Other Entities and Individuals	2,753
7,198		7,277
59,987		56,237

24 Other Long Term Liabilities

31st March 2014 £000		31st March 2015 £000
139,626	Liability relating to Defined Benefit Pension Scheme #	147,834
1,680	Liability relating to Finance Leases *	3,183
141,306		151,017

Full details relating to the Defined Benefit Pension Scheme are included in Note 45

* Full details of the Authority's finance leases are included in Note 41

Notes to the Core Financial Statements

25 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and in Note 8.

26 Unusable Reserves

31st March 2014 £000	31st March 2015 £000
96,962 Revaluation Reserve	60,681
(240) Available for Sale Financial Instruments Reserve	973
594,596 Capital Adjustment Account	564,366
(139,626) Pensions Reserve	(147,834)
2,716 Deferred Capital Receipts Reserve	3,066
5,298 Collection Fund Adjustment Account	6,200
(3,795) Accumulated Absences Account	(3,779)
555,911 Total Unusable Reserves	483,673

Revaluation Reserve

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

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

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

2013/14 £000		2014/15 £000
121,389 Balance as at 1st April		96,962
11,740 Upward revaluation of assets	9,152	
(19,264) Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	(26,593)	
(7,524) Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services		(17,441)
(16,903) Accumulated losses on assets sold or scrapped	(18,840)	
(16,903) Amount written off to Capital Adjustment Account		(18,840)
96,962 Balance as at 31st March		60,681

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains and losses made by the Authority arising from movements in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. A negative balance is shown when available for sale investments are revalued downwards or impaired and a positive balance is shown when investments are revalued upwards or are disposed of and the gains are realised.

2013/14 £000		2014/15 £000
- Balance as at 1st April		(240)
Upward / (Downward) revaluation of investments not charged to		
(240) the Surplus/Deficit on the Provision of Services		1,213
(240) Balance as at 31st March		973

Notes to the Core Financial Statements

26 Unusable Reserves continued

Capital Adjustment Account

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

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14		2014/15
£000		£000
663,349	Balance as at 1st April	594,596
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:</i>	
(32,036)	Charges for depreciation and impairment of non-current assets	(23,584)
(12,156)	Revenue expenditure funded from capital under statute	(17,559)
(57,922)	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to CI&E Statement	(43,327)
(102,114)	Net written out amount of the cost of non-current assets consumed in the year	(84,470)
	<i>Capital financing applied in the year:</i>	
510	Use of Capital Receipts Reserve to finance new capital expenditure	1,432
11,019	Capital grants and contributions credited to CI&E Statement that have been applied to capital financing	16,726
-	- Application of grants to capital financing from the Capital Grants Unapplied Account	1,090
-	- Other Movements	159
1,154	Statutory provision for capital financing charged against the General Fund	1,083
13,681	Capital expenditure charged against the General Fund balance	31,225
26,364		51,715
6,997	Movements in market value of Investment Properties debited or credited to CI&E Statement	2,525
594,596	Balance as at 31st March	564,366

Notes to the Core Financial Statements

26 Unusable Reserves continued

Pensions Reserve

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

2013/14		2014/15
£000		£000
(259,827)	Balance as at 1st April	(139,626)
127,808	Actuarial gains or (losses) on pensions assets and liabilities	(10,172)
(25,294)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	(15,614)
17,687	Employer's pension contributions and direct payments to pensioners payable in the year	17,578
<u>(139,626)</u>	Balance as at 31st March	<u>(147,834)</u>

Deferred Capital Receipts Reserve

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

2013/14		2014/15
£000		£000
2,472	Balance as at 1st April	2,716
1,033	New advances	1,577
(789)	Transfer to the Capital Receipts Reserve upon receipt of cash	(1,227)
<u>2,716</u>	Balance as at 31st March	<u>3,066</u>

Notes to the Core Financial Statements

26 Unusable Reserves continued

Collection Fund Adjustment Account

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

2013/14		2014/15
£000		£000
4,769	Balance as at 1st April	5,298
529	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	902
5,298	Balance as at 31st March	6,200

Accumulated Absences Account

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

2013/14		2014/15
£000		£000
(4,760)	Balance as at 1st April	(3,795)
4,760	Settlement or cancellation of accrual made at the end of the preceding year	3,795
(3,795)	Amounts accrued at the end of the current year	(3,779)
965	Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	16
(3,795)	Balance as at 31st March	(3,779)

Notes to the Core Financial Statements

27 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2013/14	2014/15
£000	£000
(2,323) Interest Received	(2,951)
8 Interest Paid	37
<u>(2,315) Net Interest Received</u>	<u>(2,914)</u>

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

Restated	2014/15
2013/14	£000
£000	£000
(10,067) Depreciation	(8,137)
(21,969) Impairment and Downward Valuations	(15,447)
(5,668) Increase/Decrease in Creditors	4,821
842 Increase/Decrease in Debtors (net of bad debts)	(1,295)
25 Increase/Decrease in Inventories	(48)
(7,607) Movement in Pension Liability	1,964
(74,825) Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	(62,167)
7,055 Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	2,240
<u>(112,214)</u>	<u>(78,069)</u>

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

2013/14	2014/15
£000	£000
9,915 Proceeds from the Sale of Property, Plant and Equipment and Investment Property	7,072
18,519 Other Items for which the Cash Effects are Investing or Financing Cash Flows	16,726
<u>28,434</u>	<u>23,798</u>

28 Cash Flow Statement - Investing Activities

2013/14	2014/15
£000	£000
11,804 Purchase of Property, Plant and Equipment and Investment Property	34,529
217,060 Purchase of Short-term and Long-term Investments	246,500
(9,915) Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(7,072)
(207,026) Proceeds from Short-term and Long-term Investments	(192,069)
(11,184) Other Receipts from Investing Activities	(10,207)
<u>739 Net Cash Flows from Investing Activities</u>	<u>71,681</u>

29 Cash Flow Statement - Financing Activities

2013/14	2014/15
£000	£000
(2,151) Cash Receipts from Short-term Borrowing	(36)
(7,711) Other Receipts from Financing Activities	(12,229)
4,667 Other Payments for Financing Activities	-
1,154 Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases	1,083
<u>(4,041) Net Cash Flows from Financing Activities</u>	<u>(11,182)</u>

30 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions taken about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- . charges relating to capital expenditure are reversed through the General Fund whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve are charged to services in the Comprehensive Income and Expenditure Statement and reversed via the Movement in Reserves Statement.
- . the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- . capital expenditure charged to the General Fund within Portfolio budgets is reflected in the Movement in Reserves Statement and not within the Cost of Services.
- . contributions to and from earmarked reserves are reflected within the Movement in Reserves Statement and are not included within the Cost of Services.

Notes to the Core Financial Statements

30 Amounts Reported for Resource Allocation Decisions continued

Portfolio Income and Expenditure	Care Services	Public Protection and Safety	Education	Environment	Renewal and Recreation	Resources	Central Items	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<u>2014/15 Reported to Executive</u>								
Fees, Charges & Other Service Income	(40,822)	(477)	(16,948)	(24,856)	(3,985)	(10,109)	-	(97,197)
Government Grants & Contributions	(146,698)	(371)	(125,013)	(3,547)	(58)	(1,763)	13,602	(263,848)
Total Income	(187,520)	(848)	(141,961)	(28,403)	(4,043)	(11,872)	13,602	(361,045)
Employee Expenses	35,527	2,647	70,502	7,507	7,767	15,537	820	140,307
Other Service Expenses	254,850	1,620	65,793	48,552	5,148	33,158	1,513	410,634
Support Service & Other Recharges	11,619	(1,059)	4,527	479	2,090	(20,577)	-	(2,921)
Depreciation and Impairment	3,103	-	18,555	8,281	10,816	1,666	(42,421)	-
Capital Expenditure charged to the General Fund	625	-	2,966	4,172	625	186	-	8,574
Total Expenditure	305,724	3,208	162,343	68,991	26,446	29,970	(40,088)	556,594
Net Expenditure	118,204	2,360	20,382	40,588	22,403	18,098	(26,486)	195,549

Notes to the Core Financial Statements

30 Amounts Reported for Resource Allocation Decisions continued

Portfolio Income and Expenditure	Care Services £000	Public Protection and Safety £000	Education £000	Environment £000	Renewal and Recreation £000	Resources £000	Central Items £000	Total £000
2013/14 Comparative Figures Reported to Executive								
Fees, Charges & Other Service Income	(38,592)	(571)	(15,392)	(23,266)	(3,901)	(9,708)	-	(91,430)
Government Grants & Contributions	(147,599)	(231)	(137,650)	(2,943)	(948)	(2,537)	14,028	(277,880)
Total Income	(186,191)	(802)	(153,042)	(26,209)	(4,849)	(12,245)	14,028	(369,310)
Employee Expenses	35,064	2,578	83,186	7,880	8,320	18,918	(3,902)	152,044
Other Service Expenses	257,283	1,548	63,232	47,606	4,827	30,248	978	405,722
Support Service & Other Recharges	10,055	(578)	5,212	463	2,077	(19,616)	-	(2,387)
Depreciation and Impairment	2,816	-	15,096	8,257	9,069	6,917	(42,155)	-
Capital Expenditure charged to the General Fund	446	-	3,847	3,031	608	212	-	8,144
Total Expenditure	305,664	3,548	170,573	67,237	24,901	36,679	(45,079)	563,523
Net Expenditure	119,473	2,746	17,531	41,028	20,052	24,434	(31,051)	194,213

Notes to the Core Financial Statements

30 Amounts Reported for Resource Allocation Decisions continued

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of Portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14	2014/15
	£000	£000
Net Expenditure in the Portfolio Analysis	194,213	195,549
Net Expenditure of Services and Support Services not included in the Analysis	27,891	19,802
Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the Analysis	(7,207)	(6,684)
	<u>214,897</u>	<u>208,667</u>
Deduct Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(9,679)	(4,886)
Cost of Services in the Comprehensive Income and Expenditure Statement	<u>205,218</u>	<u>203,781</u>

Notes to the Core Financial Statements

30 Amounts Reported for Resource Allocation Decisions continued

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Portfolio Analysis	Services and Support Services not in Analysis	Amounts not Reported to Management for Decision Making	Amounts not included in CI & E Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges & Other Service Income	(97,197)	-	-	14,337	2,094	(80,766)	(1,619)	(82,385)
Interest and Investment Income	-	-	-	-	-	-	(8,925)	(8,925)
Income from Council Tax	-	-	-	-	-	-	(130,352)	(130,352)
Business Rates Income	-	-	-	-	-	-	(23,419)	(23,419)
Government Grants and Contributions	(263,848)	(13,602)	-	-	-	(277,450)	(62,805)	(340,255)
Total Income	(361,045)	(13,602)	-	14,337	2,094	(358,216)	(227,120)	(585,336)
Employee Expenses	140,307	(820)	(6,423)	(10)	(10,709)	122,345	-	122,345
Other Service Expenses	410,634	(5,424)	(308)	(10,011)	(18,879)	376,012	38	376,050
Capital Expenditure charged to the General Fund	8,574	-	-	(8,574)	-	-	-	-
Support Service Recharges	(2,921)	-	-	(628)	27,494	23,945	-	23,945
Depreciation & Impairment	-	39,648	47	-	-	39,695	-	39,695
Interest and Investment Expenditure	-	-	-	-	-	-	55	55
Precepts & Levies	-	-	-	-	-	-	1,423	1,423
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	4	4
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	-	55,095	55,095
Net Interest on the Net Defined Liability	-	-	-	-	-	-	5,675	5,675
Total Expenditure	556,594	33,404	(6,684)	(19,223)	(2,094)	561,997	62,290	624,287
Deficit on the Provision of Services	195,549	19,802	(6,684)	(4,886)	-	203,781	(164,830)	38,951

Notes to the Core Financial Statements

30 Amounts Reported for Resource Allocation Decisions continue

Reconciliation to Subjective Analysis		2013/14 Comparative Figures									
	Portfolio Analysis	Services and Support Services not in Analysis	Amounts Reported for Management Decision Making	Amounts not included in CI & E Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total			
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s			£000s
Fees, Charges & Other Service Income	(91,430)	-	-	10,333	3,315	(77,782)	(1,070)	(78,852)			
Interest and Investment Income	-	-	-	-	-	-	(6,591)	(6,591)			
Income from Council Tax	-	-	-	-	-	-	(126,297)	(126,297)			
Business Rates Income	-	-	-	-	-	-	(24,673)	(24,673)			
Government Grants and Contributions	(277,880)	(14,028)	-	-	-	(291,908)	(69,512)	(361,420)			
Total Income	(369,310)	(14,028)	-	10,333	3,315	(369,690)	(228,143)	(597,833)			
Employee Expenses	152,044	3,902	(8,192)	-	(11,699)	136,055	-	136,055			
Other Service Expenses	405,722	(3,996)	959	(11,120)	(24,082)	367,483	-	367,483			
Capital Expenditure charged to the General Fund	8,144	-	-	(8,144)	-	-	-	-			
Support Service Recharges	(2,387)	-	-	(748)	32,466	29,331	-	29,331			
Depreciation & Impairment	-	42,013	26	-	-	42,039	-	42,039			
Interest and Investment Expenditure	-	-	-	-	-	-	(4,936)	(4,936)			
Precepts & Levies	-	-	-	-	-	-	1,468	1,468			
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	3	3			
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	-	64,922	64,922			
Net Interest on the Net Defined Liability	-	-	-	-	-	-	10,732	10,732			
Total Expenditure	563,523	41,919	(7,207)	(20,012)	(3,315)	574,908	72,189	647,097			
Deficit on the Provision of Services	194,213	27,891	(7,207)	(9,679)	-	205,218	(155,954)	49,264			

Notes to the Core Financial Statements

31 Pooled Budgets

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

2013/14 Integrated Community Equipment Store £000		2014/15 Integrated Community Equipment Store £000
	Income	
785	Bromley CCG contribution	600
768	London Borough of Bromley contribution	958
1,553	Gross Income	1,558
	Expenditure	
1,535	Integrated Community Equipment Service	1,558
1,535	Gross Expenditure	1,558
(18)	Deficit / (Surplus) for the Year	-

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.

2013/14 Mental Health Services £000		2014/15 Mental Health Services £000
	Income	
17,092	Oxleas NHS Foundation Trust contribution	18,219
1,382	London Borough of Bromley contribution	1,394
18,474	Gross Income	19,613
	Expenditure	
18,490	Mental Health Functions	19,571
18,490	Gross Expenditure	19,571
16	Deficit / (Surplus) for the Year	(42)

The parties agreed that the underspend on LBB funded expenditure would be split equally. The surplus on Oxleas expenditure remains within their accounts.

Notes to the Core Financial Statements

32 Members Allowances

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

2013/14		2014/15
£000		£000
1,078	Allowances	999
16	Expenses	14
<u>1,094</u>	Total	<u>1,013</u>

33 Non Distributed Costs

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

- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. In the IAS 19 valuation as at 31st March 2015, the actuary estimated the past service cost in 2014/15 to be zero, (£353k in 2013/14).
- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of employee benefits. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. Losses on curtailments (£260k in 2014/15 and £705k in 2013/14) arise when the Authority allows employees to retire on unreduced benefits before they would normally have been able to do so. A gain on settlements of £3,497k in 2014/15 (£2,189k in 2013/14) has arisen as a result of the adoption of academy status by a number of Bromley schools).

The following charges have been posted to Non Distributed Costs:

2013/14		2014/15
£000		£000
353	Past Service Costs	-
705	Loss on Curtailments	260
(2,189)	(Gain) on Settlements	(3,497)
322	Other Pension Costs	277
<u>(809)</u>		<u>(2,960)</u>

Notes to the Core Financial Statements

34 Officers Remuneration

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

Disclosure of remuneration for senior employees 2013/14	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)	£	£	£	£	£
Chief Executive - D. Patterson	178,056	-	178,056	25,337	203,393
* Director of Corporate Services	123,557	3,348	126,905	18,133	145,038
Director of Finance	123,560	4,013	127,573	18,707	146,280
* Director of Human Resources	119,611	-	119,611	17,023	136,634
* Director of Regeneration & Transformation	141,182	4,146	145,328	20,724	166,052
*Executive Director, Environmental & Community Services	130,592	5,095	135,687	19,244	154,931
* Executive Director Education, Care & Health Services - T. Parkin	151,250	-	151,250	22,204	173,454
# Director of Public Health	148,731	-	148,731	19,289	168,020
	1,116,539	16,602	1,133,141	160,661	1,293,802

* Relates to Post Holders whose job titles changed during 2013/14.

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

Disclosure of remuneration for senior employees 2014/15	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)	£	£	£	£	£
Chief Executive - D. Patterson	180,061	-	180,061		180,061
Director of Corporate Services	124,233	3,674	127,907	19,063	146,970
Director of Finance	126,641	4,335	130,976	20,003	150,979
Director of Human Resources	120,260	-	120,260	17,896	138,156
Director of Regeneration & Transformation	141,836	4,420	146,256	21,786	168,042
Executive Director, Environmental & Community Services	131,127	5,438	136,565	20,230	156,795
Executive Director Education, Care & Health Services - T. Parkin	155,417	-	155,417	23,779	179,196
# Director of Public Health	149,567	-	149,567	19,361	168,928
	1,129,142	17,867	1,147,009	142,118	1,289,127

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

Notes to the Core Financial Statements

34 Officers Remuneration continued

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

Non-School Employees	2013/14		Annual Remuneration	Non-School Employees	2014/15	
	School Employees	Total Employees			School Employees	Total Employees
49	45	94	£50,000-£54,999	43	38	81
24	32	56	£55,000-£59,999	28	26	54
17	21	38	£60,000-£64,999	16	18	34
14	11	25	£65,000-£69,999	13	10	23
7	6	13	£70,000-£74,999	6	10	16
7	4	11	£75,000-£79,999	8	1	9
3	-	3	£80,000-£84,999	3	2	5
2	2	4	£85,000-£89,999	3	-	3
4	1	5	£90,000-£94,999	3	-	3
-	2	2	£95,000-£99,999	2	2	4
1	-	1	£100,000-£104,999	2	1	3
-	-	-	£105,000-£109,999	1	-	1
1	-	1	£110,000-£114,999	-	-	-
1	-	1	£115,000-£119,999	1	-	1
-	-	-	£120,000-£124,999	1	-	1
2	-	2	£125,000-£129,999	1	-	1
-	-	-	£130,000-£134,999	1	-	1
1	-	1	£135,000-£139,999	1	-	1
-	-	-	£140,000-£144,999	-	-	-
2	1	3	£145,000-£149,999	2	-	2
1	-	1	£150,000-£154,999	-	-	-
-	-	-	£155,000-£159,999	1	-	1
-	-	-	£160,000-£164,999	-	-	-
-	-	-	£165,000-£169,999	-	-	-
-	-	-	£170,000-£174,999	-	-	-
1	-	1	£175,000-£179,999	-	-	-
-	-	-	£180,000-£184,999	1	-	1
-	-	-	£185,000-£189,999	-	-	-
-	-	-	£190,000-£194,999	-	-	-

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

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

Notes to the Core Financial Statements

34 Officers Remuneration continued

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000s	2014/15 £000s
£0 - £20,000	14	5	7	9	21	14	170	111
£20,001 - £40,000	3	-	3	1	6	1	152	24
£40,001 - £60,000	1	2	-	1	1	3	58	151
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	1	-	1	-	81
£100,001 - £150,000	-	-	-	1	-	1	-	106
Total	18	7	10	13	28	20	380	473

In 2014/15 the total cost of £473k (£380k in 2013/14) in the table above consists of exit packages agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Notes to the Core Financial Statements

35 External Audit Costs

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

Restated 2013/14 £000		2014/15 £000
	Fees payable to PricewaterhouseCoopers LLP with regard to :	
159	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	161
20	- Investigation work resulting from Electors queries / objections re: 2012/13 and 2013/14 accounts	14
21	- Pension Fund audit fee	21
15	Fees payable to PricewaterhouseCoopers LLP for the certification of grant claims and returns for the year	20
	Fees payable to PricewaterhouseCoopers LLP for work not covered under the Audit Commission contract:	
9	- Teachers Pension Review	9
	Fees payable to and receivable from the Audit Commission in respect of:	
2	- NFI fee	4
(14)	- Other one-off rebates from the Audit Commission	(37)
212		192

*The 2013/14 external audit costs have been updated to include £9k for the Teachers Pension Review over the 2013/14 balances, which was engaged and performed in November 2014.

Notes to the Core Financial Statements

36 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools Finance and Early Years (England) Regulations 2011. 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 2014/15 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000	Notes
Final DSG for 2014/15 before Academy recoupment			228,321	(a)
Academy figure recouped for 2014/15			(124,496)	(b)
Total DSG after Academy recoupment for 2014/15			----- 103,825	(c)
Plus: Brought forward from 2013/14			8,946	(d)
Less: Carry forward to 2015/16 agreed in advance			-	(e)
Agreed initial budgeted distribution in 2014/15	46,876	65,896	112,771	(f)
In year adjustments	(119)	379	260	(g)
Final budgeted distribution for 2014/15	46,757	66,275	113,032	(h)
Less Actual central expenditure	38,948	-	38,948	(i)
Less Actual ISB deployed to schools	-	64,198	64,198	(j)
Plus Local Authority contribution for 2014/15	-	-	-	(k)
Carry forward to 2015/16	<u>7,809</u>	<u>2,077</u>	<u>9,886</u>	(l)

- (a) Final DSG figure before any amount has been recouped from the Authority excluding the January 15 early years block adjustment.
- (b) Figure recouped from the Authority in 2014/15 by the DfE for the conversion of maintained schools into Academies.
- (c) Total figure after DfE Academy recoupment for 2014/15
- (d) Figure brought forward from 2013/14 as agreed with the DfE.
- (e) Any amount which the Authority decided after consultation with the schools forum to carry forward to 2015/16 rather than distribute in 2014/15.
- (f) Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.
- (g) Changes to the initial distribution.
- (h) Budgeted distribution of DSG as at the end of the financial year.
- (i) Actual amount of central expenditure items in 2014/15.
- (j) Amount of ISB actually distributed to schools.
- (k) Any contribution from the Local Authority in 2014/15 which will have the effect of substituting for DSG in funding the Schools Budget.
- (l) Carry forward to 2015/16.

Notes to the Core Financial Statements

37 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14 and 2014/15.

<i>Credited to Taxation and Non Specific Grant Income</i>	2013/14 £000	2014/15 £000
Revenue Grants:		
Revenue Support Grant	50,520	42,031
Local Services Support Grant	165	144
New Homes Bonus	3,858	5,038
Business Rates Related Grant Income	10,212	11,086
Capitalisation Redistribution Grant	266	-
Council Tax Freeze Grant	-	1,382
	<u>65,021</u>	<u>59,681</u>
Total Government Grants	<u>65,021</u>	<u>59,681</u>
Other Capital Grants and Contributions:		
Transport for London	4,491	3,124
Total Contributions	<u>4,491</u>	<u>3,124</u>
Total Credited to Taxation and Non Specific Grant Income	<u>69,512</u>	<u>62,805</u>
<i>Credited to Services</i>	2013/14 £000	2014/15 £000
Revenue Grants:		
Dedicated Schools Grant	117,186	103,146
Housing Benefit & Council Tax	127,814	125,729
Public Health	12,601	12,954
Education Funding Agency	3,029	3,295
Pupil Premium	3,864	4,400
Education Services Grant	2,957	2,419
Skills Funding Agency - Adult Education	1,964	1,974
Universal Infant Free School meals	-	1,268
Council Tax & Housing Benefits Administration	1,984	1,879
Welfare Fund - Programme and Administration Funding	994	1,045
Discretionary Housing Payments	700	665
Step up to Social Work	790	419
Troubled Families	685	895
Adoption Support	698	273
Unaccompanied Asylum Seekers	365	465
Home Office - Community Safety	278	402
SEN Reform	-	382
Youth Justice Board	293	298
SEND Implementation	-	259
Other Miscellaneous Grants	1,388	1,603
	<u>277,590</u>	<u>263,770</u>

Notes to the Core Financial Statements

37 Grant Income continued

<i>Credited to Services continued</i>	2013/14 £000	2014/15 £000
Capital Grants:		
Maintenance in Schools	2,267	1,809
Basic Need	4,984	4,991
Early Education for 2 Year Olds	186	-
Devolved Formula Capital	393	286
Social Care Grant	640	653
Universal Free School Meals	-	387
Other Capital Grants	1,112	762
	<u>9,582</u>	<u>8,888</u>
Total Government Grants	<u>287,172</u>	<u>272,658</u>
Other Grants and Contributions:		
Other Grants and Contributions	3,007	3,811
Section 106 Developers Contributions	1,729	981
Total Contributions	<u>4,736</u>	<u>4,792</u>
Total Credited to Services	<u>291,908</u>	<u>277,450</u>

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

Current Liabilities

<i>Revenue Grants Creditors and Receipts in Advance</i>	2013/14 £000	2014/15 £000
Dedicated Schools Grant	8,946	9,886
Housing Benefit Grant	3,513	1,911
Standards Fund Grant	745	745
Pothole Grant	-	505
Other Miscellaneous Grants	9	46
Total Government Grants	<u>13,213</u>	<u>13,093</u>

Other Grants and Contributions Receipts in Advance

Section 106 Developers Contributions - Revenue	1,695	1,767
Section 106 Developers Contributions - Capital	6,032	6,447
Total Contributions	<u>7,727</u>	<u>8,214</u>
Total Receipts in Advance	<u>20,940</u>	<u>21,307</u>

38 Related Party Transactions

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

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from UK government departments are set out in the subjective analysis in note 30 on reporting for resource allocation decisions. Grant receipts outstanding at 31st March 2015 are shown in Note 37.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in Note 32. During 2014/15, there are no declarable related party transactions with the exception of the following:-

- a) Councillor W. Huntington-Thresher and Councillor P. Fortune are appointed board members of Broomleigh Housing Association (Affinity Homes Group) to which the Council paid £175k in 2014/15.
- b) Councillor K. Lymer is a Trustee of Bromley Youth Music Trust to which the Council paid £291k in 2014/15.
- c) Councillor M. Turner is a Trustee of Bromley & Downham Youth Club to which the Council paid £10k in 2014/15.
- d) Councillor D. Smith is a Council appointed board member of Bromley Healthcare Community Interest Company to which the Council paid £3.5m in 2014/15.
- e) Councillor P. Fookes is a Trustee of Age Concern, Penge and Anerley to which the Council paid £146k in 2014/15.
- f) Councillor Mrs E. Harmer is a Trustee of CarePlus, Bromley to which the Council paid £2.5k in 2014/15.

Officers

During 2014/15 £9.2m was paid to Liberata in payment for services in relation to the Council's exchequer contract. Liberata employs two family members of the Director of Finance, neither in a role that is specifically related to the Bromley contract.

Other Public Bodies

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

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was slightly positive and, as a result, interest of £6,862 was paid to the Fund (nil was paid in 2013/14). In 2014/15, £533k was charged to the Fund for expenses incurred in administering the Fund (£418k in 2013/14).

Notes to the Core Financial Statements

39 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 (e.g. 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:

31st March				Transfers (to)	31st March
2014	Service	Income	Expenditure	/from Capital	2015
£000		£000	£000	£000	£000
<u>Revenue</u>					
679	Highway Improvement Works	1	-	-	680
5	CCTV	-	5	-	-
45	Road Safety Schemes	-	-	-	45
120	Local Economy & Town Centres	1	-	-	121
69	Parking	2	18	-	53
727	Healthcare Services	145	25	-	847
40	Community Facilities (to be transferred to capital)	1	30	-	11
10	Other	-	-	-	10
1,695		150	78	-	1,767
<u>Capital</u>					
1,571	Education	475	455	-	1,591
4,461	Housing	843	448	-	4,856
6,032		1,318	903	-	6,447
<u>7,727</u>		<u>1,468</u>	<u>981</u>	<u>-</u>	<u>8,214</u>

Notes to the Core Financial Statements

40 Capital Expenditure and Capital Financing

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

	2013/14	2014/15
	£000	£000
Opening Capital Financing Requirement	3,837	2,565
<i>Capital investment</i>		
Property, Plant and Equipment	7,084	13,118
Investment Properties	6,047	22,651
Revenue Expenditure Funded from Capital under Statute	12,156	17,559
	<u>25,287</u>	<u>53,328</u>
<i>Sources of finance</i>		
Capital receipts	510	1,432
Government grants and other contributions	11,019	17,816
Sums set aside from revenue:		
Direct revenue contributions	13,681	31,225
Finance Leases Repaid/Terminated	1,349	1,133
	<u>26,559</u>	<u>51,606</u>
Movement in Capital Financing Requirement	(1,272)	1,722
<i>Closing Capital Financing Requirement</i>	2,565	4,287
<i>Explanation of movements in year</i>		
Reduction in underlying need for borrowing (unsupported by government financial assistance)	(1,349)	(1,133)
Assets acquired under finance leases	77	2,855
Increase/(decrease) in Capital Financing Requirement	<u>(1,272)</u>	<u>1,722</u>

Notes to the Core Financial Statements

41 Leases

Finance Leases - Authority as Lessee

The Authority has entered into a number of contractual arrangements that include embedded leases that have been classified as finance leases. The most significant of these relate to the refuse collection vehicles and plant included in the Refuse Collection contract. The useful life of these vehicles has typically been assumed to be 7 years. The arrangements for other vehicles, primarily in the gully and street cleansing contracts, have also been classified as finance leases and 7 years has also typically been assumed as the useful life for these items.

Items of equipment leased by schools, mainly photocopiers, have also been classified as finance leases. A typical useful life of 5 years has been assumed for these.

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

	31st March	31st March
	2014	2015
	£000	£000
Vehicles, Plant and Equipment	2,565	4,287
	<u>2,565</u>	<u>4,287</u>

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

	31st March	31st March
	2014	2015
	£000	£000
Finance lease liabilities (net present value of minimum lease payments)		
- current (within 1 year)	885	1,104
- non current (later than 1 year)	1,680	3,183
Finance costs payable in future years	766	1,479
Minimum lease payments	<u>3,331</u>	<u>5,766</u>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March	31st March	31st March	31st March
	2014	2015	2014	2015
	£000	£000	£000	£000
Not later than one year	1,190	1,484	885	1,104
Later than one and less than five years	2,139	3,446	1,678	2,582
Later than five years	2	836	2	601
	<u>3,331</u>	<u>5,766</u>	<u>2,565</u>	<u>4,287</u>

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

Notes to the Core Financial Statements

41 Leases continued

Operating Leases - Authority as Lessee

The Authority leases various premises, which are accounted for as operating leases

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

	31st March	31st March
	2014	2015
	£000	£000
Not later than one year	351	264
Later than one and less than five years	880	575
Later than five years	409	506
	<u>1,640</u>	<u>1,345</u>

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

	31st March	31st March
	2014	2015
	£000	£000
<i>Minimum lease payments</i>		
Adult Social Care	187	189
Children's and Education Services	214	226
Cultural and Related Services	20	50
Environmental and Regulatory Services	9	9
Highways & Transport Services	66	66
	<u>496</u>	<u>540</u>

Operating Leases - Schools as Lessee

Schools have entered into operating leases in the main, to acquire photocopiers and telephone systems. Typically operating leases are in place for 3 to 5 years, depending on the asset.

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

	31st March	31st March
	2014	2015
	£000	£000
Not later than one year	30	25
Later than one and less than five years	39	23
	<u>69</u>	<u>48</u>

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

	31st March	31st March
	2014	2015
	£000	£000
<i>Minimum lease payments</i>		
Children's and Education Services	36	38
	<u>36</u>	<u>38</u>

Notes to the Core Financial Statements

41 Leases continued

Finance Leases - Authority as Lessor

As at 31st March 2015, the Authority holds no finance leases.

Operating Leases - Authority as Lessor

The Authority has granted a number of lease agreements with regard to its portfolio of investment and other Council properties which are accounted for as operating leases.

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

	31st March 2014	31st March 2015
	£000	£000
Not later than one year	5,110	6,333
Later than one and less than five years	15,688	20,954
Later than five years	210,792	227,865
	<u>231,590</u>	<u>255,152</u>

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

The Net Book Value of these assets was £146m as at 31st March 2015 (£119m as at 31st March 2014). Depreciation and impairment charges of £0.2m and £9.7m respectively were made in 2014/15.

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

	31st March 2014	31st March 2015
	£000	£000
<i>Minimum lease payments</i>		
Cultural and Related Services	427	428
Environmental and Regulatory Services	184	194
Children's and Education Services	7	6
Highways and Transport Services	53	64
Adult Social Care	414	431
Central Services to the Public	348	311
Financing & Investing Income & Expenditure	3,869	4,644
<i>Contingent rents</i>		
Environmental and Regulatory Services	118	119
Financing & Investing Income & Expenditure	251	266
	<u>5,671</u>	<u>6,463</u>

42 Service Concessions

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

The Refuse Collection contract with Veolia ES (UK) Limited

The Authority transferred the contract for Waste Collection to Onyx U.K. Limited, now known as Veolia, from 4th November 2001 and the Waste Management contract from 24th February 2002, for 14 years.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

The total cost of this contract to 31st March 2015 was £59.3m (£53.8m to 31st March 2014).

Further details of the leasing arrangements are provided in Note 41.

Notes to the Core Financial Statements

42 Service Concessions continued

Bromley Mytime

The Authority transferred the responsibility for delivering its community leisure activity and services to Bromley Mytime effective from 1st February 2004 continuing until 31st March 2024.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in Note 12.

In return for service delivery, maintenance and enhancement of the Leisure Centres which remain in the authority's ownership, the Authority has paid a total of £15.1m to 31st March 2015 (£14.3m to 31st March 2014).

There are two Council appointed representatives on the Board of Trustees.

43 Impairment Losses/(Reversals)

During 2014/15 the Authority has charged/reversed the following impairments in respect of its non-current assets to the surplus or deficit on the Provision of Services.

2013/14		2014/15
£000		£000
21,772	Property, Plant and Equipment	15,417
197	Surplus Properties/Assets Held for Sale	30
<u>21,969</u>		<u>15,447</u>

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

2013/14		2014/15
£000		£000
6,153	Central Services to the Public	(149)
7,702	Cultural and Related Services	9,142
1,575	Environmental and Regulatory Services	1,335
4,341	Children's and Education Services	4,291
57	Housing Services	-
2,141	Adult Social Care	803
<u>21,969</u>		<u>15,422</u>
-	Financing & Investment Income & Expenditure	25
<u>21,969</u>		<u>15,447</u>

44 Termination Benefits

The Authority terminated the contracts of a number of employees in 2014/15 incurring liabilities of £473k (£380k in 2013/14) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2014/15 related to 20 employees across all departments of the Authority (28 employees in 2013/14).

Notes to the Core Financial Statements

45 Disclosure of Information about Retirement Benefits

(a) Participation in Pension Schemes

As part of the terms and conditions of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council's Pension Fund is a funded defined benefit final salary statutory scheme operated (until 31st March 2014) under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007/08 (as amended). With effect from 1st April 2014, these regulations were revoked and replaced by the LGPS Regulations 2013. The Authority and employees pay contributions into the Fund, calculated at a level intended to ensure that pensions liabilities balance with investment assets over a period of time. The Fund provides benefits for members, including retirement pensions, lump sum retirement grants and widow's pensions.

Governance of the scheme is the responsibility of the London Borough of Bromley Pensions Investment Sub-Committee and policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Sub-Committee and, as at 31st March 2015, include Baillie Gifford, Blackrock, Fidelity, MFS International and Standard Life.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory, structural and inflation changes, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

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

(b) Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income & Expenditure Statement when benefits are earned by employees, rather than when they are finally paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year, based on figures provided in the IAS 19 reports as at 31st March 2014 and 2015, prepared by the Council's actuary, Mercer.

	2013/14	2014/15
	£000	£000
<u>Comprehensive Income & Expenditure Statement</u>		
Current service cost	15,286	12,773
Settlements	(2,189)	(3,497)
Curtailments	705	260
Administration Costs	407	403
Past service costs	353	-
Total included in Cost of Services	<u>14,562</u>	<u>9,939</u>
<u>Financing & Investment Income & Expenditure</u>		
Net Pensions interest cost	10,732	5,675
Total included in Surplus or Deficit on the Provision of Services	<u>25,294</u>	<u>15,614</u>
<u>Other Benefits Charged to the Comprehensive Income & Expenditure Statement</u>		
Remeasurement of Net Defined Benefit Obligation	(127,808)	10,172
<u>Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement</u>	<u>(102,514)</u>	<u>25,786</u>
<u>Movement in Reserves Statement</u>		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	(25,294)	(15,614)
Employers' contributions and benefits payable direct to pensioners	17,687	17,578
	<u>(7,607)</u>	<u>1,964</u>
Actual return on scheme assets	<u>32,799</u>	<u>82,690</u>

Notes to the Core Financial Statements

45 Disclosure of Information about Retirement Benefits continued

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

Pensions Assets and Liabilities recognised in the Balance Sheet

	LGPS		Unfunded Benefits	
	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000
Present value of defined benefit obligation	(665,728)	(751,898)	(3,789)	(3,843)
Fair value of plan assets	529,891	607,907	-	-
Net liability from defined benefit obligation	(135,837)	(143,991)	(3,789)	(3,843)

Reconciliation of movement in present value of Scheme liabilities (Defined Benefit):

	LGPS		Unfunded Benefits	
	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000
Opening Liability	747,694	665,728	4,267	3,789
Current service cost	15,286	12,773	-	-
Interest cost	31,607	28,733	177	159
Contributions by scheme members	4,003	4,020	-	-
Remeasurement (gains)/losses:				
Experience	(66,684)	-	(226)	-
Financial assumptions	(29,832)	69,392	-	253
Demographic assumptions	(9,383)	-	(80)	-
Past service costs	353	-	-	-
Curtailments	705	260	-	-
Settlements	(4,157)	(6,776)	-	-
Benefits paid	(23,864)	(22,232)	(349)	(358)
Closing Liability (Defined Benefit)	665,728	751,898	3,789	3,843

Reconciliation of movement in fair value of Scheme assets:

	LGPS		Unfunded Benefits	
	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000
Opening fair value of scheme assets	492,134	529,891	-	-
Interest on plan assets	21,052	23,217	-	-
Remeasurements (assets)	21,603	59,473	-	-
Administration Expenses	(407)	(403)	-	-
Contributions by employer	17,338	17,220	349	358
Contributions by scheme members	4,003	4,020	-	-
Settlements	(1,968)	(3,279)	-	-
Benefits paid	(23,864)	(22,232)	(349)	(358)
Closing fair value of scheme assets	529,891	607,907	-	-

In 2014/15, the net liability increased by some £8m (from £140m to £148m). This was mainly due to interest on liabilities being higher than interest on assets.

The actual return on scheme assets in the year was £82,690k (£32,799k in 2013/14).

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £755,741k has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance (deficit) of £147,834k. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the scheme will be made good by increased employer contributions over a 15 year period, as assessed by the scheme actuary in the last full valuation of the fund as at 31st March 2013.

Notes to the Core Financial Statements

45 Disclosure of Information about Retirement Benefits continued

(d) Fair Value of LGPS assets

	Fair value of scheme assets	
	As at 31st March 2014 £000	As at 31st March 2015 £000
Equities	396,357	438,302
Government bonds	15,897	-
Other bonds	70,476	102,128
Other	45,571	63,222
Cash / liquidity	1,590	4,255
	<u>529,891</u>	<u>607,907</u>

(e) Basis for Estimating Assets and Liabilities

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 Mercer, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2013 and latest estimates for for the Fund as at 31st March 2015.

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

	As at 31st March 2014	As at 31st March 2015
Longevity at 65 for pensioners retiring today (years):		
Men	23.0	23.1
Women	25.4	25.5
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	25.3	25.4
Women	28.3	28.4
Rate of inflation - CPI	2.4%	2.0%
Rate of increase in salaries	3.9%	3.5%
Rate of increase in pensions	2.4%	2.0%
Rate for discounting scheme liabilities	4.4%	3.4%
Take-up of option to convert annual pension to lump sum	50%	50%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes in assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be inter-related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme (i.e. on an actuarial basis using the projected unit credit method). The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

45 Disclosure of Information about Post-employment Benefits continued

(e) Basis for Estimating Assets and Liabilities continued

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

	Change of +/- 1% £000
IAS 19 Liability figure	755,741
+ 0.1% on rate for discounting scheme liabilities	743,824
+ 0.1% on inflation rate	767,850
+ 0.1% on pay growth	757,800
+1 year on life expectancy	770,545

(f) Impact on the Authority's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. In the triennial fund valuation as at 31st March 2013, the Authority agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years. Funding levels are monitored and the next triennial valuation is due to be completed as at 31st March 2016.

The actuary has estimated a total authority contribution of £15.1m in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 16 years as at 31st March 2015 (also 16 years as at 31st March 2014).

(g) Bromley Employees

In 2014/15, Bromley paid into the Pension Fund a total contribution of £16.9m (29.8% of total pensionable pay), including a past deficit contribution of £5.9m. This compares to £17.4m (30.2%) and £6.1m in 2013/14. The underlying contribution rate and the past deficit contribution are both determined by the Fund's Actuary based on triennial actuarial valuations. The contributions in 2013/14 incorporated the results of the full valuation as at 31st March 2010, which set contribution rates to achieve a funding level of 100% of the overall liabilities of the fund over 12 years. The employer and past-deficit contributions from 2014/15 were set by the actuary in the most recent triennial valuation of the Fund (as at 31st March 2013) with the aim of achieving a 100% funding level over 15 years.

(h) Teachers

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

In 2014/15, Bromley paid £3.6m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 14.1% of teachers' pensionable pay. The figures for 2013/14 were £4.2m and 14.1%. In addition, Bromley is responsible for all pension payments relating to added years it has awarded. There were no payments relating to added years in both 2014/15 and 2013/14.

(i) NHS Staff

Former NHS public health staff who transferred to Bromley in April 2013 are members of the NHS Pension Scheme, administered by the Department for Health. This scheme 'is a defined benefit scheme, but, under NHS accounting arrangements', is accounted for as a defined contribution scheme.

In 2014/15, the Authority paid £0.2m (14.0% of pensionable pay) to the NHS scheme in respect of these staff (also £0.2m and 14.0% in 2013/14).

Notes to the Core Financial Statements

46 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 2014/15 there are five contingent liabilities to disclose:

- 1) There have been a number of Council Tax banding appeals which, if successful, could result in refunds dating back to 1993. The claims are currently being considered by the District Valuer and could also have an impact on future Council Tax income levels. It is not possible to quantify the financial impact at this stage and the final outcome will depend on the number of appeals and the outcome of the findings from the District valuer.
- 2) 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.
- 3) There are potential risks through the Council picking up liabilities from Governing Bodies of Foundation and Community schools which convert to Academy status. The financial impact of this cannot be quantified at this stage.
- 4) The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- 5) There is a potential impact to the Authority regarding a proposal to consolidate a number of assessments on to a single local rating list. The transfer could potentially affect Bromley's rates income from rates retention and if the proposal is accepted the Authority could incur potential losses of £686k dating back to 2010/11. There is no indication at this stage as to whether the proposal will be accepted or rejected and therefore it has been disclosed as a contingent liability within the 2014/15 accounts.

47 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 2014/15 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 April 2011 in relation to libraries/audio visual charges, special collections of domestic waste, excess charges for off-street parking and trade waste. It is not possible to accurately predict the financial outcome of these claims at the present time nor is it certain, at this stage, whether the claims will be successful.

48 *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 15) 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;
- Refinancing and Maturity risk - the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

Credit Risk

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

The Strategy for 2014/15 was approved by Full Council in February 2014 (subsequently revised in October 2014) and is available on the Council's website. It imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment.

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

The Authority's maximum exposure to credit risk in relation to its investments in other institutions and funds (£257.7m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31st March 2015 that this was likely to materialise. Deposit protection arrangements, specifically the HM Treasury Credit Guarantee Scheme, will limit any losses that might arise.

No breaches of the Council's counterparty criteria occurred during 2014/15 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

Notes to the Core Financial Statements

48 Nature and Extent of Risk Arising from Financial Instruments continued

Credit Risk (cont)

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

	As at 31st March 2014 £000	As at 31st March 2015 £000
Less than three months	11,135	4,401
Three to six months	975	749
Six months to one year	1,134	909
More than one year	2,889	3,023
	<u>16,133</u>	<u>9,082</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.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and could also borrow from the Public Works Loan Board if necessary. Currently, however, the Council does not borrow externally and there are no plans to do so. 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.

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

Principal Sum Invested as at 31st March 2014 Restated £000		Principal Sum Invested as at 31st March 2015 £000
207,860	Less than one year	59,301
16,770	Between one and two years	107,818
22,500	More than two years	88,655
<u>247,130</u>		<u>255,774</u>

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio, but has no long term borrowing. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

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

48 Nature and Extent of Risk Arising from Financial Instruments continued

Market Risk

Interest rate risk

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

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

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

All of the Council's term deposits placed during 2014/15 were fixed interest investments with banks, building societies or other local authorities. In addition to fixed interest deposits, the Council also has investments with a Property Fund (£15m) and with two Diversified Growth Funds (£10m in total). All were placed after consultation with Capita and none are subject to interest rate movements.

Price Risk

Other than its Pension Fund investments, the Council does not invest in equity shares, joint ventures or in local industry. It is consequently not exposed to losses arising from movements in share prices.

Foreign Exchange Risk

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

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. At that time, the Council had £5m deposited with Heritable, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2015, a total of 14 dividend payments had been received from the administrator, which amounted to £4,783k (94% of the Council's total claim of £5,087k). In line with CIPFA guidance, an impairment was actioned in 2008/09 and part-reversals then followed in 2009/10 and in 2011/12 to reflect improved recovery prospects. A further part-reversal of the original impairment (£310k) was actioned in the 2013/14 accounts, leaving a provision for potential loss of £300k as at 31st March 2015 (6% of the total claim sum). In May 2015, the administrator advised that a further (as yet unspecified) dividend would be paid in August 2015.

49 *Heritage Assets: Further Information*

Heritage Assets

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

General

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

Five Year Summary of Transactions

The Code requires a 5 year summary of transactions to be provided, but states that the information need not be given for any period before 1st April 2010 where it is not practicable to do so. The Council's Heritage Assets were valued during 2011 and no values were held or known before then, so it is not practicable to show transactions over the last five years. Accordingly, the accounts only record information back to 1st April 2010 (estimated values restated as at 1st April 2010 and 31st March 2011). The carrying values are shown in Note 13.

Heritage Assets disclosed in the accounts include the following:

Mayoral Regalia and Insignia

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

Art Works

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

Fine Art and Ethnographic Collection comprising fine art and valuables, antique ceramic and glass, paintings, prints and drawings, sculpture and works of art. The collection has been independently valued at £162k;

Contemporary Art Work Collection (valued at £172k);

Mural at Orpington Hospital (valued at £10k).

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

Heritage Assets not disclosed in the accounts include the following:

War Memorials and Memorial Plaques

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

Metrology Equipment

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

Other Items

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

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

THE COLLECTION FUND

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

	Notes	2013/14 £000	2014/15 £000
Income			
Amounts receivable from Council Tax payers	(1)	165,809	170,000
Income collectable from Business Rate payers	(2)	83,042	83,307
Income Collectable from Business Rate Supplement	(3)	2,399	2,348
		<u>251,250</u>	<u>255,655</u>
Expenditure			
Precepts / Demands			
- London Borough of Bromley		123,370	125,440
- Greater London Authority		37,008	37,133
Business Rates	(2)		
- Payments to National Pool			
- Payment to Central Government (CLG)		42,110	40,774
- Payment to Greater London Authority (GLA)		16,844	16,310
- Payment to London Borough of Bromley		25,266	24,465
Deferral Scheme		-	(498)
- Cost of Collection		348	347
Business Rate Supplement	(3)		
- Contribution to GLA		2,386	2,337
- Cost of Collection/Administrative Costs		13	11
Bad and Doubtful Debts / Appeals			
- Write offs		1,758	1,109
- Increase / (decrease) in bad debt provision		(121)	-
- Provision for Appeals		450	5,395
		<u>249,432</u>	<u>252,823</u>
Surplus for the Year		<u>(1,818)</u>	<u>(2,832)</u>
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		1,805	2,964
- Greater London Authority		558	889
		<u>2,363</u>	<u>3,853</u>
Net Movement on Fund Balance		<u>545</u>	<u>1,021</u>
		£000	£000
Fund Balance			
Balance at 1st April		(6,216)	(5,671)
Net movement for year		(1,818)	(2,832)
Distribution of 2011/12 and 2012/13 Surplus		2,363	3,853
Balance at 31st March - Deficit / (Surplus)		<u>(5,671)</u>	<u>(4,650)</u>

THE COLLECTION FUND

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

Council Tax Balance split into its attributable parts:

	Surplus as at 31st March 2014 £000	Distribution of 2012/13 Surplus in 2014/15 £000	Surplus for 2014/15 £000	Surplus as at 31st March 2015 £000
London Borough of Bromley	(5,891)	2,964	(4,912)	(7,839)
Greater London Authority	(1,755)	889	(1,407)	(2,273)
	<u>(7,646)</u>	<u>3,853</u>	<u>(6,319)</u>	<u>(10,112)</u>

The balance of the surplus held at 31st March 2014 will be distributed in 2015/16 and the 2014/15 surplus will be distributed in 2016/17.

Business Rates Balance split into its attributable parts:

	Deficit for 31st March 2014 £000	Deficit for 31st March 2015 £000	Deficit as at 31st March 2015 £000
London Borough of Bromley	593	1,046	1,639
Greater London Authority	395	697	1,092
Central Government	987	1,744	2,731
	<u>1,975</u>	<u>3,487</u>	<u>5,462</u>

£5,242k of the total deficit held at 31st March 2015 will be distributed in 2015/16 (£2,621k to Central Government, £1,573k to London Borough of Bromley and £1,048k to Greater London Authority). The remaining balance of £220k will be distributed in 2016/17.

Council Tax and Business Rates Net Deficit / (Surplus)	<u><u>(4,650)</u></u>
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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	907	6/9	605
B	5,588	7/9	4,346
C	19,106	8/9	16,983
D	28,079	9/9	28,079
E	25,371	11/9	31,009
F	16,232	13/9	23,446
G	12,546	15/9	20,910
H	1,302	18/9	2,604
			<hr/>
			127,982
Allowance for MOD properties, changes in exemptions, discounts and number of properties			(804)
			<hr/>
			127,178
Estimated Collection Rate			97.65%
			<hr/>
Council Tax Base 2014/15			<hr/> 124,189 <hr/>

2 Business Rates

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

The total non-domestic rateable value at 31st December 2013 was assessed by the Government's District Valuer as £215,646,834. The national non-domestic multiplier for the year was 48.2p. The income collectable for the year of £83.3m is net of revaluations, allowance for empty properties, provision for non collection, transitional and mandatory relief's as well as the part year effect of properties falling out / brought into rating during the year.

3 Business Rate Supplements

Business Rate Supplements (BRS) were introduced by the Business Rate Supplements Act 2009 and related regulations and statutory guidance. The Act confers powers on relevant local authorities "to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development". The BRS only applies to businesses with a rateable value of more than £55,000. The BRS multiplier for the year was 2 pence in the pound. The income collectable for the year was £2.3m net of reliefs on the same basis and same percentage rate as for NNDR.

FORMER LRB FUND

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

Movement for year ending 31st March 2015

	Fund 1 £000	Fund 2 £000	TOTAL £000
Balance as at 1st April 2014	(282)	51	(231)
Movement in year on ex LRB functions:			
Income	(1)	(1,267)	(1,268)
Interest earnings on Fund balance	(4)	(18)	(22)
Contribution to Fund	-	(1,000)	(1,000)
Expenditure	11	254	265
Distribution (note 1)	1	1,267	1,268
Balance as at 31st March 2015	<u>(275)</u>	<u>(713)</u>	<u>(988)</u>

Balance Sheet as at 31st March 2015

2014 £000		2015 £000
34	<i>Assets</i>	
<u>34</u>	Debtors	-
232		-
<u>266</u>	Cash	<u>1,358</u>
		<u>1,358</u>
	<i>Liabilities</i>	
282	Fund 1	275
(51)	Fund 2	713
<u>35</u>	Creditors	<u>370</u>
<u>266</u>		<u>1,358</u>

Notes to accounts

1) *2014/15 Distribution*

Of the £1,268,000 receipts in 2014/15, £369,676 was received on 30th March 2015. This was distributed in 2015/16 and accounts for the high creditor position.

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.

Due to an increase in legal claims made against the LRB (Fund 2) a contribution of £1m was received in 2014/15 from the distribution boroughs to aid payment of future expenses.

PENSION FUND

2013/14		PENSION FUND ACCOUNT	Note	2014/15	
£000	£000			£000	£000
		Dealings with members and employers			
		Contributions and similar payments			
5,580		Contributions - from members	5	6,106	
15,612		- from employers - normal	5	17,941	
1,255		- augmentations	5	931	
7,100		- deficit funding	5	6,001	
5,074		Transfers in from other pension funds (individual)		2,896	
	34,621				33,875
		Benefits			
(23,409)		Pensions		(24,470)	
(5,525)		Lump sum benefits - retirement		(4,300)	
(359)		- death		(177)	
	(29,293)				(28,947)
		Payments to and on account of leavers			
(13)		Refunds of contributions		(88)	
(1,559)		Transfers out (individual)		(3,277)	
	(1,572)				(3,365)
	(585)	Administrative expenses	6		(685)
	3,171	Net (withdrawal) / addition from dealings with Fund members			878
		Returns on investments			
7,730		Investment income	7	6,867	
34,841		Change in market value		111,822	
(1,828)		Investment management expenses	8	(2,495)	
	40,743	Net return on investments			116,194
	43,914	Net Fund increase during year			117,072
	584,389	Opening net assets			628,303
	<u>628,303</u>	Closing net assets			<u>745,375</u>

31st March 2014 NET ASSETS STATEMENT

£000		£000		31st March 2015	
£000	£000			£000	£000
		Investment assets	9		
31,932		Equities - UK (quoted)		32,127	
290,641		- overseas (quoted)		361,510	
	322,573				393,637
	294,288	Pooled investment vehicles (managed funds - non-property)			343,854
	7,993	Cash deposits held by investment managers			6,472
2,134		Other investment balances - sales		480	
(1,479)		- purchases		(1,560)	
	655				(1,080)
	625,509	Net investment assets	9		742,883
		Current assets and liabilities			
2,096		Cash		1,006	
1,186		Current assets - debtors	10	2,104	
(488)		Current liabilities - creditors	10	(618)	
	2,794				2,492
	<u>628,303</u>	Closing net assets			<u>745,375</u>

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The Actuarial present value of promised retirement benefits is disclosed in Note 12.

PENSION FUND

Notes to the Accounts

1 Description of Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Bromley Pension Fund Annual Report 2014/15 and the underlying statutory powers underpinning the scheme, which are listed below.

(a) General

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

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

- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009.
- The LGPS Regulations 2013 (effective from 1st April 2014).

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

(b) Membership

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

Organisations participating in the Fund include:

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

As at 31st March 2015, there were a total of 72 employer organisations in the Bromley Fund, including the Council itself. These are listed below.

Scheduled Bodies

Primary School Academies

Alexandra Infants
Alexandra Junior
Balgowan Primary
Biggin Hill Primary
Bromley Trust
Castlecombe Primary
Chislehurst CE Primary
Crofton Infants
Crofton Junior
Darrick Wood Infants
Farnborough Primary
Grays Farm Primary
Green Street Green Primary
Harris Aspire
Harris Crystal Palace
Harris Kent House
Harris Shortlands
Hayes Primary
Highfield Infants
Highfield Junior
Hillside Primary
Keston CE Primary
La Fontaine
Leesons Primary
Manor Oak Primary
Midfield Primary

Scheduled Bodies

Primary School Academies (cont)

Parish Primary
Perry Hall Primary
Pickhurst Infants
Pickhurst Junior
Princes Plain Primary
Raglan Primary
Scotts Park Primary
Stewart Fleming Primary
St. James RC Primary
St John's CE Primary
St Joseph's RC Primary
St Mark's CE Primary
St Mary Cray Primary
St Mary's RC Primary
St Peter & St Paul Primary
St Philomena's RC Primary
St Vincent's RC Primary
Tubbenden Primary
Valley Primary
Warren Road Primary

Foundation Schools

Holy Innocents RC Primary
St Olave's & St Saviour's
The Glebe

Scheduled Bodies

Secondary School Academies

Beaverwood
Bishop Justus CE
Bullers Wood
Charles Darwin
Coopers
Darrick Wood
Harris Beckenham
Harris Bromley
Hayes
Kemnal
Langley Park Boys
Langley Park Girls
Newstead Wood
Ravens Wood
The Priors
The Ravensbourne

Scheduled Bodies - Other

Bromley & Orpington Colleges
Ravensbourne College

Admitted Bodies

Affinity Sutton
Bromley & Lewisham MIND
Bromley Mytime
Liberata UK

PENSION FUND

Notes to the Accounts

1 Description of Fund continued

(b) Membership continued

The following table shows the total membership of the Fund as at 31st March 2015 and 2014.

	2014	2015
Members	5,254	5,782
Pensioners - widows / dependants	706	700
- other	4,156	4,248
Deferred Pensioners	4,819	5,066
Total	14,935	15,796

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active scheme members in accordance with the LGPS Regulations 2013 and, in 2014/15, ranged from 5.5% to 12.5% of pensionable pay. Contributions are also made by employers and these are set based on triennial actuarial valuations, the rates for 2014/15 being set by the most recent valuation as at 31st March 2013. In 2014/15, employer rates ranged from 15.3% to 26.7% of pensionable pay.

(d) Benefits

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

Service pre 1st April 2008:

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

Service post 31st March 2008:

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

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

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

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

2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2014/15 financial year and its position as at 31st March 2015. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The actuarial present value of promised retirement benefits, valued on the basis of International Accounting Standard (IAS) 19, for the fund is disclosed in Note 12 of these accounts and that for the London Borough of Bromley is disclosed in Note 45 to the main statements.

3 Summary of Significant Accounting Policies

(a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the scheme actuary in the payroll period to which they relate. Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid is classified as a current financial asset. Employer deficit contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of an agreement, on a receipts basis.

PENSION FUND

Notes to the Accounts

3 Summary of Significant Accounting Policies continued

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

(c) Investment Income

(i) Interest income

Interest income is recognised in the Fund account as it accrues.

(ii) Dividend income

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

(iii) Distributions from pooled funds

Pooled investment vehicles are accumulation funds and, as such, the change in market value also includes income, net of withholding tax, which is re-invested in the fund.

(iv) Movement in the net market value of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.

(d) Benefits payable

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

(e) Taxation

The Fund is a registered public service scheme under the Finance Act 2004 and, as such, is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

(f) Administrative expenses

All administrative expenses are accounted for on an accruals basis. Staff costs of the pensions administration team and management, accommodation and other overheads are charged to the Fund in accordance with Council policy.

(g) Investment management expenses

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

(h) Financial assets

Equities traded through the Stock Exchange Electronic Trading Service are valued on the basis of the latest traded price. Other quoted securities are valued at their closing bid price. Pooled investment vehicles are valued at either the bid price where a bid price exists or on the single unit price provided by the investment managers.

(i) Foreign currency transactions

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

(j) Cash

Cash comprises cash investments placed by the Fund managers and cash held internally by the Fund.

(k) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to it.

PENSION FUND

Notes to the Accounts

3 Summary of Significant Accounting Policies continued

(l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As is permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see Note 12). A summary of the results of the last full actuarial valuation is shown in Note 11.

(m) Additional voluntary contributions (AVCs)

The Council provides an AVC scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 13.

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

The Pension Fund liability is calculated every three years by the scheme actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 11. The assumptions were determined after taking into account historical experience, current trends and other factors. This estimate is subject to significant variations based on changes to the underlying assumptions. Consequently, actual results may be materially different from estimates.

5 Contributions receivable

	2013/14 £000	2014/15 £000
Employer Contributions		
L.B. Bromley part of Fund		
L.B.Bromley - normal	9,653	9,740
- augmentations	1,255	931
- deficit funding	6,100	5,900
Scheduled bodies - Foundation Schools	373	350
	<u>17,381</u>	<u>16,921</u>
Other		
Scheduled bodies - normal - academies	4,433	6,338
- normal - colleges	946	1,274
Admitted bodies - normal	207	239
- deficit funding	1,000	101
	<u>23,967</u>	<u>24,873</u>
Member Contributions		
L.B. Bromley part of Fund		
L.B.Bromley	3,866	3,928
Scheduled bodies - Foundation Schools	101	87
	<u>3,967</u>	<u>4,015</u>
Other		
Scheduled bodies - academies	1,172	1,587
- colleges	368	426
Admitted bodies	73	78
	<u>5,580</u>	<u>6,106</u>

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

PENSION FUND

Notes to the Accounts

6 Administrative Expenses

	2013/14 £000	2014/15 £000
Audit fee	21	21
Bank charges	26	40
Advice & other costs	120	90
Internal recharges	418	534
	585	685

7 Investment Income

	2013/14 £000	2014/15 £000
Dividends from equities	7,695	6,849
Interest on securities	35	18
	7,730	6,867

8 Investment Management Expenses

	2013/14 £000	2014/15 £000
Baillie Gifford - global equities @	183	764
- balanced mandate (to 20/12/13)	477	-
- fixed income (from 20/12/13)	28	145
- Diversified Growth Fund	172	248
Fidelity - fixed income (from 20/12/13)	42	150
- balanced mandate (to 20/12/13)	463	-
MFS - global equities @	157	595
Blackrock - global equities @	121	397
Standard Life - Diversified Growth Fund	185	196
	1,828	2,495

@ Global equities mandates inception date 20th December 2013

9 Investments

Following a review of the Fund's investment strategy in 2012, contracts were awarded for Diversified Growth (10% of the Fund) from December 2012 and Global Equities (70% of the Fund) from December 2013. The managers as at 31st March 2015 were as follows:

Global equities: Baillie Gifford, Blackrock and MFS (all wef 20th December 2013).

Fixed income: Baillie Gifford and Fidelity.

Diversified Growth: Baillie Gifford and Standard Life (wef 6th December 2012).

The bid value of the Fund as at 31st March 2014 and 2015 was divided between the Fund managers as follows:

	31st March 2014		31st March 2015	
	£000	%	£000	%
Baillie Gifford - global	222,869	35.63%	248,249	33.42%
- fixed income	45,227	7.23%	51,574	6.94%
- DGF	26,822	4.29%	45,464	6.12%
Fidelity - fixed income	58,360	9.33%	66,614	8.97%
MFS - global	123,148	19.69%	150,773	20.30%
Blackrock - global	122,130	19.52%	150,533	20.26%
Standard Life -DGF	26,953	4.31%	29,676	3.99%
	625,509	100.00%	742,883	100.00%

The carrying amounts of financial assets held by Fund managers are held as fair value through profit and loss.

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

	31st March 2014 £000	31st March 2015 £000
Diversified Growth Funds (2)	53,775	75,140
Global Equity Fund (1)	122,130	150,533
Sterling Bond Funds (2)	103,587	118,181
Exchange Traded Fund (1)	14,796	-
	294,288	343,854

PENSION FUND

Notes to the Accounts

9 Investments continued

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

	Value at 31st March 2014 £000	Purchases £000	Sales £000	Change in MV £000	Value at 31st March 2015 £000
Equities	322,573	57,740	(49,470)	62,794	393,637
Pooled investments	294,288	61,549	(61,011)	49,028	343,854
Sub-Total	616,861	119,289	(110,481)	111,822	737,491
Cash	7,993				6,472
Other investment balances	655				(1,080)
Total	625,509	119,289	(110,481)	111,822	742,883

Total purchases and sales in 2013/14 were £546,783,000 and £540,542,000 respectively.

The change in market value (MV) of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including gains and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles, which are accumulation funds, changes in value also include income, net of withholding tax, which is re-invested in the Fund. All gains and losses recognised arose from financial instruments valued at fair value through profit and loss.

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds.

Transaction costs incurred during the year totalled £115k (£1,241k in 2013/14). Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles, but amounts are not separately provided to the scheme.

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

	31st March 2014		31st March 2015	
	£000	% of total Fund	£000	% of total Fund
Baillie Gifford				
- Investment Grade Bond Fund @	23,986	3.83	-	-
- Active Gilt Plus Fund @	21,241	3.40	-	-
- Sterling Aggregate Plus Bond Fund @	-	-	51,574	6.95
- Diversified Growth Fund	26,822	4.29	45,464	6.13
Standard Life - Global Absolute Return Fund	26,953	4.31	29,676	4.00
Blackrock - Ascent Life Global Equities Fund	122,130	19.52	150,533	20.29
Fidelity - Institutional Aggregate Bond Fund	58,180	9.30	66,607	8.98

@ Baillie Gifford fixed income holding transferred to new fund wef June 2014.

10 Current assets and liabilities

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

	2013/14 £000	2014/15 £000
<u>Debtors (current assets)</u>		
Contributions due from employers and employees	583	790
Investment income	597	1,271
Other	6	43
	<u>1,186</u>	<u>2,104</u>
<u>Creditors (current liabilities)</u>		
Fund management fees	488	618
	<u>488</u>	<u>618</u>

11 Actuarial Position

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme (Administration) Regulations 2008. The Fund's former actuary, Barnett Waddingham LLP, carried out a full valuation of the Fund at 31st March 2010, when its solvency level was calculated at 84%. The 2010 actuarial valuation set the level of employer contributions required to attain 100% solvency within 12 years. It set employer rates for the years ending 31st March 2012, 2013 and 2014 at an average of 14.7% and specified that lump sum past-deficit contributions of £5.5m, £5.8m and £6.1m should be made in those three years.

PENSION FUND

Notes to the Accounts

11 Actuarial Position continued

The most recent full valuation of the Fund (as at 31st March 2013) was carried out by Mercer Ltd (the Fund's actuary since January 2013) during 2013/14. This calculated a new deficit position (82% funded) and set a common employer contribution rate of 15.3% and an annual lump sum past-deficit contribution of £5.9m from 1st April 2014 until 31st March 2017 with the aim of recovering that deficit over 15 years.

A significant number of schools adopted academy status during 2013/14 and 2014/15 and more are expected to follow in 2015/16. Calculations of deficit shares and contribution rates for academies are carried out individually by the Council's actuary and are set at either the same rate as the Council or at a rate sufficient to ensure that the deficit share is recovered within 15 years.

The following assumptions were employed in the 2010 and 2013 valuations.

	2010	2013
<u>Economic assumptions</u>	% p.a.	% p.a.
Increases in earnings - long term	5.0	4.1
- short term (3 years)	n/a	1.0
General Inflation	3.5	2.6
Increases in pensions	3.0	2.6
Investment return - Overall discount rate	7.2	5.6
<u>Mortality assumptions</u>	Years	Years
Life expectancy - male aged 65 now	21.3	22.9
- at 65 for male aged 45 now	22.2	25.1
- female aged 65 now	24.3	25.3
- at 65 for female aged 45 now	25.3	28.2

12 Actuarial Present Value of Promised Retirement Benefits

The net liability of the London Borough of Bromley part of the Fund in relation to the actuarial promised retirement benefits and the net assets available to fund these benefits (both based on IAS 19 information available as at 31st March) is shown in detail in Note 45 to the main financial statements. The figures shown in the Net Assets Statement are in respect of the Whole Fund. We are also required to disclose the actuarial present value of future benefits for the Fund as a whole. This was assessed by the Council's actuary under IAS 26 as £938m as at 31st March 2015 (£790m as at 31st March 2014).

The demographic assumptions used in the IAS 26 report were the same as those used for the 2013 full valuation (see Note 11) and the following financial assumptions were used:

	2014	2015
	% p.a.	% p.a.
Increases in earnings - long term	3.9	3.5
- short term (3 years)	1.0	1.0
Increases in pensions	2.4	2.0
Investment return - Overall discount rate	4.5	3.3

13 Additional Voluntary Contributions

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2013/14 and 2014/15 and the total value of AVC Funds as at 31st March 2014 and 2015 is shown below.

	2013/14	2014/15
	£000	£000
AVC contributions		
- to Aviva	73	90
- to Equitable Life *	-	-
Total contributions	73	90

* the total contribution to Equitable Life was less than £500.

	2013/14	2014/15
	£000	£000
Market Value		
- Aviva	840	987
- Equitable Life	156	91
Total Market Value	996	1,078

PENSION FUND

Notes to the Accounts

14 *Related Parties*

Four members of the Pensions Investment Sub-Committee during the year were active members of the scheme (prior to the local elections in May 2014) and two were in receipt of a pension during the year. A special responsibility allowance of £1,971 was paid to the Chairman of the Sub-Committee in both 2013/14 and 2014/15. No other payments were made for meeting attendance.

The Council incurred costs of £534k (£418k in 2013/14) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires disclosure of the nature and extent of risks arising from financial instruments. This requirement extends to the specific risks related to Pension Fund investments. Detailed disclosures concerning these risks are included in this note on the next two pages.

Risk and Risk Management

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

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

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

Other price risk

Other price risk represents the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment management agreements for non-pooled investments provide tolerances for investment manager deviation from market asset class returns expressed as the tracking error from benchmark returns. Fund officers review these metrics with Fund managers at each quarter.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Authority to ensure it is within limits specified in the Fund's investment strategy.

PENSION FUND

Notes to the Accounts

15 Nature and extent of risks arising from financial instruments continued

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the base currency of the Fund, i.e. £Sterling.

Many securities denominated in foreign currencies also gain significant proportions of their income and profits from jurisdictions outside of the market on which those securities are quoted. Over the long-term, currency rates reflect value in a particular territory and, to the extent that a particular security is exposed to currency risk in a particular territory, investment managers make decisions about this in their analysis of what securities to buy, sell or hold. The Fund manages this risk by setting investment benchmarks and comparing overall outcomes against those benchmarks. These outcomes are reported to the Director of Finance and the Pensions Investment Sub-Committee every quarter.

Credit Risk

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

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

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

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund held £1.0m of Pension Fund cash under its treasury management arrangements at 31st March 2015 (£2.1m as at 31st March 2014). In practice, the Pension Fund Revenue Account cashflow position was at break-even or slightly negative for most of the year and, as a result, it was not considered viable to separate out Pension Fund cash from Council cash for investment purposes.

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

Liquidity Risk

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

The Fund has immediate access to its cash holdings that are invested by the Authority, although, as is stated above, the level of cash held was not sufficient to warrant separate investment. The levels of cash held are reviewed by the Authority as part of the periodic cash-flow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that most, if not all, of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk. The Fund managers held no illiquid assets (i.e. assets that could not be sold within 10 days) as at both 31st March 2014 and 2015.

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

PENSION FUND

Notes to the Accounts

15 Nature and extent of risks arising from financial instruments continued

Summary

The following table sets out the potential sums at risk, most of which are remote possibilities, under the various types of risk:

	Market Risk £000	Other Price Risk £000	Currency Risk £000	Interest Rate Risk £000	Credit Risk £000
UK Equities (quoted)	32,127	32,127	-	-	32,127
Overseas Equities (quoted)	361,510	361,510	361,510	-	361,510
Pooled Investments					
- Diversified Growth Funds *	75,140	75,140	75,140	75,140	75,140
- Global Equity Fund	150,533	150,533	150,533	-	150,533
- Sterling Bond Funds	118,181	-	-	118,181	118,181
Cash and cash equivalents	-	5,392	-	5,392	5,392
	737,491	624,702	587,183	198,713	742,883

* The Diversified Growth Funds invest in a wide range of assets, including equities, bonds and alternative investments, as determined by the Fund managers. As a result, there is exposure to all types of risk up to the value of the investments held.

16 Determination of the fair value of assets

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

Valuations considered to be Level 1 are based on quoted prices, and the valuation of the fund's equities fall into this category.

Level 2 valuations are based on observable inputs relating to the assets, such as the quoted price of similar assets or market data relating to the assets held. The valuation of the fund's Sterling Bond Funds and Global Equities Fund fall into this category.

Level 3 valuations are based on non-observable inputs. These types of valuation are common to the valuation of private equity and other alternative investments which are held within the Diversified Growth Funds and so the valuation of the Diversified Growth Funds are considered to be level 3 valuations.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The London Borough of Bromley 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 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bromley.gov.uk or can be obtained from Chief Executive's Department, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The following summarises the key elements of the systems and processes that comprise Bromley's governance arrangements based upon the six core principles of good governance:

1) **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area:**

Bromley citizens expect to manage their lives with the minimum of intervention from the Council. When they need the Council's support they expect that it will be provided efficiently, represent value for money and be free from unnecessary bureaucracy and delays.

ANNUAL GOVERNANCE STATEMENT

Bromley Council is organised around a set of core principles which are consistent with this ambition:

- **Member-led:** The Council's resources will be targeted at local priorities as agreed by elected Members
- **Delivering Value for Money:** The Council's services will be provided by whoever offers customers and council tax payers excellent value for money
- **Supporting Independence:** The Council will enable and encourage citizens to take more responsibility for their own lives, with the most vulnerable being provided with the help they need
- **Efficient and non-bureaucratic:** The Council will seek to reduce interference and bureaucratic control whilst protecting the Borough's distinctive character

In setting our goals, Building a Better Bromley provides the framework to improve the life of all of those that visit, live, study, or work in the borough. This reflects our public health and health and wellbeing agenda as well as our priority to continue to invest in the economic wellbeing of our borough. It sets the direction and policies which other plans should help to deliver and is shared across the Council in our specific Portfolio messages and our departmental, divisional and team plans.

Our seven key priorities remain:

- A Quality Environment
- Regeneration
- Vibrant, Thriving Town Centres
- Supporting our Children and Young People
- Supporting Independence
- Safe Bromley
- Healthy Bromley

Our vision is to be an excellent council in the eyes of local people.

Our Portfolio Plans set out what we aim to deliver in the current year and what our performance targets are, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned behind the priorities identified in Building a Better Bromley. The Health and Wellbeing Board brings together Bromley Councillors, Public Health, GPs, the Clinical Commissioning Group and the voluntary sector, to understand the local community's needs, agree priorities and encourage commissioners to work in a more joined up way.

Our achievements over the past year and plans for the future are reported in the Annual Report and Accounts.

With substantial additional savings to be made over the next 4 years and uncertainty about how the Government will implement its manifesto pledges the financial situation continues to drive the future direction and work of the Council.

The Commissioning Team, led by the Director of Transformation and Regeneration and overseen by the Portfolio Holder for Resources, are looking in detail at all our services to ensure best value for money and to determine who is best placed to deliver high quality services based on local priorities and value for money principles, within a balanced budget.

ANNUAL GOVERNANCE STATEMENT

The commissioning programme consists of a number of distinct projects or work streams, each focusing on a specific service or area within the organisation. While each project is corporately led and managed, the relevant Service Director, Service Lead and key Members are actively involved and engaged in order to ensure consistency and transparency across the programme. Each project must go through key mandatory gateway stages to ensure decisions taken are based on clear evidence.

Following scrutiny through the PDS process, the relevant Portfolio Holder and the Executive will make the final decision on implementation. As part of the process formal consultations are also carried out with staff, including Trade Union and staff representatives, and service users.

The Council's operating structure is being reviewed as we continue to develop a more 'one-Council' approach to the way we work. Currently we have three departments reflecting our focus on 'People and Place' services; Education, Care and Health Services, and Environment and Community Services, with Chief Executive's department comprising in the main, corporate support services.

2) Members and Officers working together to achieve a common purpose with clearly defined functions and roles:

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures followed to ensure that decision making is efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose. This is supplemented by a Member/Officer protocol which governs the relationship between them.

Bromley continues to operate the 'leader and cabinet' model whereby the Leader appoints the Executive, and decides Portfolio Holder arrangements and responsibilities and agrees any formal delegation of various powers to the Council's Chief Officers and their staff.

The Council's decision making structure is divided between executive and non-executive matters. The Executive has seven Members and is the Council's main decision making body. It is chaired by the Leader of the Council. It either makes decisions itself or six of its Members, who hold Portfolios, decide on matters relating to specialist areas. The Portfolios cover:

- Care Services (including health)
- Education
- Environment
- Public Protection and Safety
- Renewal and Recreation
- Resources

By law the Executive cannot take all Council decisions as some matters have to be decided elsewhere, principally by the Development Control Committee and the General Purposes and Licensing Committee and their Sub-Committees.

The appointment of the Leader of the Council and membership of the Executive and various committees is formally announced at the Council's Annual Meeting.

The Constitution Improvement Working Group is currently reviewing the structure of these committees to reflect the changing shape and direction of our Council as we work towards becoming a commissioning authority.

The Director of Corporate Services (as 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.

ANNUAL GOVERNANCE STATEMENT

The Director of Finance (as 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. 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 Finance performs the role of Chief Financial Officer.

Corporate leadership is provided by the Corporate Management Team, 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. Bromley's assurance arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010)*.

Our Corporate Operating Principles which act as an operational model for the Council also set out our approach to creating a flexible, responsive organisation that can embrace new ways of working with partners and staff to maintain and improve services to our community. As part of this we are committed to providing a working environment in which staff can contribute to the success of the Council. Our staff commitment sets out the responsibility we all share in making this happen.

3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:

Bromley has adopted a number of codes and protocols that govern the activities of Members and Officers 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.

Local authorities have a duty to promote and maintain high standards of conduct. It is mandatory that each local authority adopts a Code of Conduct dealing with the conduct that is expected of Councillors and co-opted members when acting in that capacity.

The Code of Conduct approved by full Council in 2012 requires new Members and co-opted members to register their financial and other interests within 28 days of taking office. The requirement to register financial interests also extends to a spouse or partner. In addition Members and co-opted members must notify the Monitoring Officer of any change to their interests within 28 days of the change occurring. Any gifts and hospitality with a value of over £25 also need to be registered within 28 days of receipt.

The declarations made by each Councillor are detailed on the councillor information pages on the Council's website.

The Standards Committee considers complaints about Councillors. The Independent Persons on the Committee must be consulted by the Council before it makes a decision on an allegation of misconduct by a Councillor that it has decided to investigate, or before it decides on action to be taken in respect of that Councillor.

The induction events organised for new Councillors following the May 2014 local elections included a session on standards with a surgery session following that, providing support to Members on completing their Register of Interest forms, and with additional guidance being prepared to clarify what is required.

ANNUAL GOVERNANCE STATEMENT

Officers are also subject to Section 117 of the Local Government Act 1972 which means that they are required to disclose any direct or indirect pecuniary interests they may have in any contract or potential contract involving the Council. In addition they are prohibited from receiving any fee or reward as result of their employment with the Council, other than their agreed remuneration. A reminder is sent out on an annual basis with registers maintained by the Monitoring Officer and individual Directors.

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 the intranet, posters, internal newsletters, and on the Council's website.

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 procedures in place for complaints about children's social care, adult social care (including a guide for people with learning difficulties), housing services, and school issues. 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 Corporate Services monitor how complaints are handled within departments.

We continue to operate a very successful Fraud Partnership with the London Borough of Greenwich building on our Anti-Fraud and Corruption Strategy. Outcomes are reported to Audit Sub-Committee, and prosecutions publicised in the local press and on the Council's website.

4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:

The Director of Corporate Services (as Monitoring Officer) reviews and updates the constitutional framework including Rules of Procedure and Standing Orders (which regulate meetings of the Council) and the Scheme of Delegation (which sets out formal delegation of various powers to the Council's Chief Officers and staff) on a regular basis reporting to full Council.

The Director of Finance (as 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.

The scrutiny function provided by the six Policy Development and Scrutiny (PDS) Committees continues to provide constructive challenge leading to better and more robust decisions.

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 newly constituted Corporate Risk Management Group providing a strategic overview of risk management, health and safety, business continuity and emergency planning activities to improve efficiency and develop synergies in line with Council priorities. The Group continues to report 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.

Zurich Municipal is currently conducting a review of our risk management activities with the aim of improving reporting structures and aligning departmental and strategic risk registers.

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit including fraud and risk. The Committee is independent of the Executive and

ANNUAL GOVERNANCE STATEMENT

scrutiny functions.

During the year Internal Audit was successful in attracting funding from the Department for Communities and Local Government to fight fraud. We were successful in four joint bids with other boroughs, including one to develop a fraud application for mobile phones where we are the lead borough.

Internal Audit actively participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The Bromley Borough Resilience Forum, a statutory forum, meets quarterly to facilitate co-operation and information sharing at the borough level between key stakeholders in relation to emergency preparedness for major events and incidents. The Forum reports to the Safer Bromley Partnership Strategic Group. Through the Forum and pan-London structures the Partnership regularly has the opportunity to participate in training and exercise events to develop and maintain local multi-agency emergency arrangements.

Within the Council we continue to review and maintain our arrangements to respond to and recover from emergencies affecting the Borough. We also review and maintain our business continuity arrangements to ensure that critical activities and services continue to operate in the event of disruptive events and emergencies. Our procurement policy requires business continuity plans to be part of any tendering process.

5) Developing the capacity and capability of Members and Officers to be effective:

Corporate training provision is reviewed each year to ensure that the learning and development opportunities on offer reflect the key priorities of the organisation; supporting staff to develop a good mix of skills and knowledge so that they are able to perform effectively in their current job and are able to tackle the many changes facing local government.

Officer training needs are identified as part of the annual Performance Appraisal and Development Scheme and there is a comprehensive training programme for all staff. In parallel a Managers' Toolkit site is maintained on the intranet to provide a depository of policies, procedures, guidance and tools enabling all managers across the Council to work more effectively and efficiently. Depending on their duties some Officer training is mandatory.

There are three main programmes; Organisational Development (including Customer Service, Management and Leadership, Health and Safety, Commissioning and Contract Management), Children's Social Care (including Safeguarding, and Continuing Professional Development) and Adult's Social Care (including the Care Act 2014, Awareness of Medical Conditions, Health and Safety, Safeguarding). To compliment this face-to-face training many of the topics are now available via the web based Bromley Learning Hub which allows users to develop their skills online at a time and place that suits them.

Specific training for Members targets key policy issues and areas of current interest. This is supported by a dedicated Member Development site on the intranet and an area on the Bromley Learning Hub dedicated to Councillors. During the year the Director of Finance organised regular financial seminars to keep Members informed of the general financial situation affecting the Council and the changes in local government finance. Following the May 2014 elections a full programme of induction events was organised for new Councillors which was also open to returning Councillors.

IT training is delivered in partnership with Bromley Adult Education College. Officers also have access to external workshops and seminars via our membership of organisations like CIPFA.

6) Engaging with local people and other stakeholders to ensure robust public accountability

We continue to review how we can improve our channels of communication with all sections of the community and other stakeholders. Increasingly Bromley is using social media sites like Twitter and Facebook to provide information and links to upcoming events. Everyone over the age of 18 can also register for a MyBromley account where residents can manage their council tax, access services, receive alerts and relevant information online. Besides the main Council website Bromley MyLife is the adult social care website. It provides information and advice should someone need help due to illness, age or disability, enabling them to keep their independence.

The public services ICT association Society of Information Technology Management (SOCITM) rated Bromley's website 3 stars (4 stars max) in their 'Better Connected 2015' review, based on user experience, usability and mobile access.

Council meetings are held in public and agendas and report packs are made available in advance on the Council website, at the Civic Centre and through local libraries at least 5 working days prior to each meeting. Most meetings start at 7pm and there are some daytime meetings. Members of the public can ask questions at a meeting or a written reply can be sent subject to giving sufficient notice. There is a facility to set up daily email alerts on key words or topics.

The Council held four meetings in November 2014 (two round-table meetings for representatives from residents' associations, and two public meetings) as part of the 2015/16 budget consultation under the title 'Our budget, your views'. The consultation included an online survey which attracted 1,611 replies and focused on resident's priorities, collecting their views on what they feel is most important and on ways in which they believe the Council could raise revenue. This was supplemented by links to detailed information and graphs about the Council's finances on the main website. Additionally submissions were received from Bromley Youth Council and Bromley Youth Support Team enabling young people to have a say in how local services are organised, and connecting them with local democracy. Consultation papers were also sent to local business representatives for their views and comments. Prior to finalising the 'Schools Budget' the Education Portfolio Holder consulted Headteachers, Governors and the Schools Forum.

During the year the Council also consulted on Beckenham Town Centre improvements, Biggin Hill Airport Limited's plans to change their operating hours, the future of Bromley's library service and the future of the Priory and Bromley Museum.

Departments also use surveys to ensure that services are being delivered efficiently and effectively.

The Council operates a Petition Scheme whereby any person who lives works or studies in the Borough of Bromley can submit a petition. Once a petition has been validated a response will normally be sent back within 10 working days. All petition responses are published on the Council's website.

Given the increasing numbers of Freedom of Information requests, an online form has been introduced to channel requests to the right departments so that enquiries can be dealt with as quickly and efficiently as possible.

Bromley works in partnership with many local organisations representing the views of residents and the public, private and voluntary sectors.

The Borough Officers' group meets on an informal basis to monitor and direct the work of the main thematic partnerships. The group is chaired by the Chief Executive and includes representatives from the emergency and health services and the voluntary sector.

ANNUAL GOVERNANCE STATEMENT

The thematic partnerships (Bromley Economic Partnership and Safer Bromley Partnership Strategic Group) hold open meetings and agenda papers and minutes are published on the Council website. The meetings receive reports from other key strategic partnerships and the main partnerships themselves. Terms of reference and governance arrangements are in place. The partnerships are subject to scrutiny by the relevant PDS Committees.

The Children's Services Stakeholder Conference and the Adult Services Stakeholder Conference involve partner agencies and service users in shaping business planning and priorities for the future. The Adult Services Stakeholder Conference held two conferences in July 2014 on 'Your Future Your Support Your Say' and in March 2015 on 'Living Well with Dementia in Bromley'. The Children's Services Stakeholder Conference has scheduled a conference in July 2015 focussing on 'Emotional Wellbeing'. Both bodies report to Care Services PDS and/or the Health and Wellbeing Board. Agenda papers and presentations are published on the Bromley Partnerships website.

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 Corporate Management Team comprising Directors and Assistant Directors within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report, the Policy Development and Scrutiny 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 and Heads of Service, where appropriate, have completed and signed an Assurance Statement in relation to their 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 of the governance framework, including the system of internal control, includes the following elements:

Council Framework

We continue to operate with a Leader and an Executive. The Leader personally controls all decisions about the Council's executive functions. He can then choose whether to make all decisions personally, or to make arrangements for others to do so.

The Executive contains the Leader and six Members each responsible for a portfolio. Each Portfolio Holder annually outlines, in a portfolio plan, their aims and what they will be doing towards achieving their goals and their performance targets.

The full Council is responsible for adopting the authority's Constitution and Members' code of conduct and for approving the budget and policy framework within which the Executive operates.

Chief Officers (Directors) are responsible for ensuring that Members are advised of the financial implications of all proposals liaising as necessary with the Director of Finance. In addition they are responsible for

ANNUAL GOVERNANCE STATEMENT

promoting sound financial practices in relation to the standards, performance and development of staff in their departments.

Policy Development and Scrutiny Committees

Six Policy Development and Scrutiny (PDS) Committees have a key role in contributing to policy development and scrutinising the decisions of the Executive and individual Portfolio Holders. Although they have no decision making powers, they advise Portfolio Holders, the Executive and full Council on a range of issues.

PDS Committees monitor the performance of services and functions within their remit, assessing performance against key performance indicators and policy objectives. Concerns are reported to a Portfolio Holder who can then, if necessary, be called to a PDS Committee meeting to account for the performance of his or her Portfolio.

They are also involved in the budget setting process and provide comment and recommendations for the Executive to take account of when formulating the Council's annual budget. Similarly, PDS Committees monitor in-year spend of budgets and raise concerns where there is a possibility of overspend or other issues affecting spending priorities. In addition PDS Committees can commission groups of Councillors to review an issue or policy so assisting a Portfolio Holder or the Executive to improve a service or local function affecting local people.

More routine decisions can be made without formal scrutiny where the PDS Committees and Portfolio Holders are in agreement, subject to the proposed decision being emailed to all Members in advance. Any Member may then request that a matter be referred to the relevant PDS Committee before a decision is taken.

The call-in process is a key means by which PDS Committees can hold the Executive to account. Any five Councillors can call-in a decision and prevent it from taking immediate effect until it has been considered by a PDS Committee. The Committee can then interview the Portfolio Holder and Officers and consider whether the decision was appropriate, within the Council's policy framework, and whether it should be reconsidered. If the Committee feels that the decision should have been reversed or altered, it can make a recommendation to the Executive, which then has to reconsider the matter.

The Executive and Resources PDS Committee has an over-arching, 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 Executive and Resources PDS Committee has a rolling programme where the Leader of the Council, the Resources Portfolio Holder and the Chief Executive each do two presentations a year on a rota basis, so six of the eight PDS meetings will normally have one of these sessions. The other PDS Committees do not generally do this although the relevant Portfolio Holders and Chief Officers are usually present at all their meetings.

The Committees are supported by the statutory Scrutiny Officer who also provides support and guidance to Members on the functions of overview and scrutiny.

Internal Audit

Internal Audit operates to defined standards as set out in the Public Sector Internal Audit Standards. The effectiveness 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 control.

ANNUAL GOVERNANCE STATEMENT

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. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. In addition all significant weaknesses are reported to Audit Sub-Committee and followed-up until recommendations are implemented. The supporting summaries of audit reports help inform the overall assessment of internal controls.

The Head of Internal Audit 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.

In his Annual Report to Audit Sub-Committee the Head of Audit confirmed that 'my overall opinion on the control environment based on the internal testing and reviews undertaken is that there is overall reliance on the internal controls identified and where there have been significant issues highlighted provide assurance that corrective management action has been or will be taken to mitigate the risks. Over the past year there have been two investigations that highlighted a number of weaknesses in the areas of supervision/monitoring, document control and updated procedures. The Head of Audit can confirm that adequate action plans have been agreed for all areas of identified weakness and Internal Audit will continue to apply close scrutiny to ensure that all current priority control weaknesses are addressed by management.'

Internal Audit also submits an Annual Fraud Report to Audit Sub-Committee summarising all fraud and investigations undertaken during the year. Audit Sub-Committee has provided assurance to the external auditors that they are satisfied with our fraud arrangements within the Authority.

External Inspections

In their *Report to those charged with governance* for the year ended 31 March 2014, published in August 2014, the external auditors PricewaterhouseCoopers LLP reported the following:

- 'The Authority, like other Local Authorities, is facing increasing financial pressures and significant challenges to identify the levels of savings they require over the next three to five years. At present, as per the Authority's medium term financial strategy, there exists a significant 'budget gap', culminating in a gap of £53.1m in 2017/18 reported to Executive in February 2014.' As a result the value for money (financial resilience) audit risk rating has been raised from normal to significant.
- 'Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of the Statement of Accounts and our review of the Annual Governance Statement.'
 - Four internal control deficiencies were reported covering the use of surveyors regarding accounting accruals, the use of a designated Pension Fund bank account, an out of date bank mandate, and updates to the pension administration system in respect of leavers. The recommendations were accepted and acted upon, with the exception of the Pension Fund bank account that Bromley will continue to review
- 'We reviewed the Annual Governance Statement to consider whether it complied with the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.'

ANNUAL GOVERNANCE STATEMENT

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

Care Quality Commission - Shared Lives - June 2014

All the inspected standards were met

Ofsted - Inspection of Bromley Pupil Referral Service - July 2014

Overall Effectiveness: Requires Improvement

The report was considered by the Education PDS on 30 September 2014 who noted the progress being made by the new Headteacher and staff. Education PDS also receives the results of Ofsted inspections for both the Local Authority Maintained schools and Academies, together with details of the challenge and support provided to those maintained schools considered to be underperforming.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Risk Management Group, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

Last year we identified the following governance issues:

Governance Issue	Outcome
<p>1. Capacity to make further budget savings and maintain frontline services. Looking ahead, the continuing reduction in the financial settlement from the government and on-going cost pressures on the Council have opened a significant funding gap over the next four years, which it will be challenging to close:</p> <p><i>In order to assist in providing sustainable financial solutions we will continue to explore opportunities to review radically service provision, seeking opportunities for income maximisation, mitigate against future cost pressures, explore wider partnership opportunities including community budgets, and prepare for a different organisation in the future with overall resources reduced.</i></p> <p><i>We continue to retain four year forward planning.</i></p>	<p>During 2014/15 we continued to make significant savings and our budget for 2015/16 allows us to address increased demands on council services, often for our most vulnerable residents, as well as the additional responsibilities local authorities have to shoulder without any more money from government.</p>
<p>2. Decision to become a Commissioning authority: <i>Chief Officers will continue to monitor progress, challenge and make recommendations to the Executive. Where appropriate, proposals relating to individual services will be submitted to the respective PDS Committees for scrutiny and approval.</i></p>	<p>The Commissioning Team led by the Director Regeneration and Transformation and overseen by the Resources Portfolio Holder meet on a weekly basis to review progress. Every decision taken concerning commissioning is taken after scrutiny by a PDS Committee, the relevant Portfolio Holder, and the Executive.</p>

ANNUAL GOVERNANCE STATEMENT

<p>3. Welfare reform agenda: <i>Although the roll-out of Universal Credit is expected to be delayed until 2016 at the earliest, the Council will be reviewing the Council Tax Support Scheme as well as the Bromley Welfare Fund – the Government is withdrawing the grant funding for the Welfare Fund from 2015/16 (approx. £1m).</i></p>	<p>Council Tax Support Scheme: Following a public consultation the Council agreed to retain the existing scheme for 2015/16.</p> <p>Bromley Welfare Fund: Following the removal of government funding from 2015/16 the Council has agreed a revised scheme with effect from 1 April 2015 restricted to meeting the basic accommodation related requirements of those moving back into the community by making discretionary awards to cover the cost of furniture and white goods.</p>
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Any outstanding issues are included in the table below.

New governance issues:

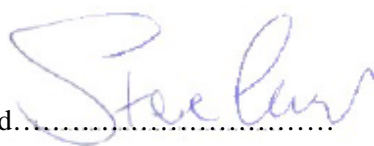
Governance Issue	Actions
<p>Capacity to make further budget savings and maintain frontline services: The Council will need to make significant savings of approximately £50m over the next four years.</p>	<p>The Executive is working to balance the budget for 2016/17. Where possible identified savings will be taken as early as possible. We continue to retain four year forward planning.</p>
<p>Commissioning and transformation agenda</p>	<p>The Commissioning Team will continue to identify services that are either standalone or can be bundled together and then seek approval to market test or other options.</p>
<p>Welfare reform agenda: The government continues to reform the welfare system with the first phase of Universal Credit now expected to be rolled-out to claimants by March 2016. The government is also committed to cutting a further £12bn from welfare spending.</p>	<p>The resulting impact on Council's services will need to be assessed and reported to the relevant PDS Committees.</p>
<p>The implementation of the Care Act 2014 from 1st April 2015 places very significant new responsibilities on the Council with regard to both those who may qualify for services but also for those who care for them. The 'cap on care costs' will be implemented from April 2016.</p>	<p>The modelling of potential risks has been subject to considerable scrutiny. Until changes are implemented we will not know exactly what new pressures we will see. Online Care Act training is mandatory for all Education, Care and Health Services staff.</p>
<p>The Public Service Pension Act 2013 requires The London Borough of Bromley Pension Fund to establish a Local Pension Board. The Local Pension Board will ensure that the Code of Practice on governance and administration issued by the Pensions Regulator is complied with. The new Local Pension Board has to meet by 1st August 2015 at the latest.</p>	<p>Terms of Reference have been agreed and two Member representatives have been appointed and two employer representatives are currently being considered to sit on the Board. This will meet on an annual basis and members of the Board will also be invited to attend meetings of the Pensions Investment Sub-Committee.</p>

ANNUAL GOVERNANCE STATEMENT

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

Date

GLOSSARY OF TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary

An independent consultant who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses

Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

Agent is where the Council is acting as an intermediary.

Balance Sheet

A statement showing the position of the Council's assets and liabilities as at 31st March in each year.

Billing Authority

A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its areas. Bromley is a billing authority.

Budget

A forecast of the Council's planned expenditure. The level of the council tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Adjustment Account

This reserve includes amounts set aside from either revenue resources or capital receipts to fund the acquisition of fixed assets.

Capital Charges

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt

The proceeds from the sale of a fixed asset.

Carrying amount

Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Change in Accounting Estimate

Is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

Collection Fund

Statutory account showing transactions in relation to collection of Council Tax, administration of National Non-Domestic Rates and contributions made to the General Fund of Bromley Council and the GLA.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax

A local charge (or charges set by the council and the GLA) in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge (poll tax) on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Support

The Council operates a national council tax benefit scheme which supports pensioners and working age people on low incomes to pay their council tax.

Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Asset

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

Current Expenditure

A general term for the direct running costs of local authority services, including employee costs and running expenses.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Current Service Cost

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

Debtors

Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

Deferred Capital Receipts

These result mainly from loans to Housing Associations plus outstanding loans in respect of past sales of Council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long-term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

Demand on the Collection Fund

Represents the amount calculated by the council or the GLA to be transferable from the council's collection fund to its general fund.

Depreciation

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves

Reserves set aside for a specific purpose or a particular service or type of expenditure.

Employee benefits

Are all forms of consideration given by an entity in exchange for service rendered by employees.

Events after the reporting period

Are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

Fixed Assets

Tangible assets that yield benefit to the local authority and its services for a period of more than one year.

Formula Grant

The main channel of government funding which includes re-distributed Business Rates and Revenue Support Grant. There are no restrictions on what local authorities can spend it on.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Greater London Authority

A strategic authority for London created on 3rd July 2000.

Historical Cost

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Housing Benefit

Financial help given to local authority or private tenants whose income falls below prescribed amounts.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets

Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths, bridges and sewers.

Intangible Assets

An intangible asset is an *identifiable* non-monetary asset without physical substance. It must be *controlled* by the authority as a result of past events, and *future economic or service benefits* must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Inventories

Are assets:

- a) in the form of materials or supplies to be consumed in the production process
- b) in the form of materials or supplies to be consumed or distributed in the rendering of services
- c) held for sale or distribution in the ordinary course of operations, or
- d) in the process of production for sale or distribution.

Investment Property

Is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:

- a) use in the production or supply of goods or services or for administrative purposes, or
- b) sale in the ordinary course of operations.

Levies

A payment that a local authority is required to make to a particular body (a levying body) to meet London wide services. Levying bodies include the London Pensions Fund Authority, London Boroughs Grants Committee, Environment Agency and Lee Valley Regional Park.

Material

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NNDR - National Non Domestic Rates

Non-Domestic Rates, or Business Rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced on 1 April 2013, the Council keeps a proportion of the business rates paid locally.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributable Costs

These include overheads for which no user benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

Non-Operational Assets

Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost

The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Pensions Interest Cost

The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Post-Employment Benefits

Are employee benefits (other than termination benefits) which are payable after the completion of employment.

Present Value of a Defined Benefit Obligation

Is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Provision

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

Recharges

The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

Recoverable Amount

Of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction

Is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation Reserve

This reserve records accumulated gains on fixed assets arising from periodic asset revaluations.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred that may be capitalised under statutory provisions but that does not add value to the Council's fixed assets.

Revenue Support Grant - RSG

A general grant which replaced rate support grant in 1990-91. Now distributed as part of the Formula Grant.

Ring-Fenced Grants

These grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

Sales, Fees and Charges

Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees.

Short-Term Employee Benefits

Are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

Soft Loans

Loans made at less than the prevailing rate of interest and which consequently involve subsidisation of the borrower.

Specific Grants

These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

Statutory Revenue Provision

A prudent amount charged to the revenue account to provide for the repayment of debt.

Tangible Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Tax Base

The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates entitlement to Formula Grant.

Usable Capital Receipts Reserve

This reserve records receipts from fixed asset disposals that are available to finance capital expenditure.

Useful Life

The period over which benefits will be derived from the use of a fixed asset.

VAT

Is an indirect tax levied on most business transactions and on many goods and some services.

- Input Tax is VAT charged on purchases.
- Output Tax is VAT charged in sales.

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Agenda Item 6

London Borough of Bromley

Report No.DHR15007 PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing Committee

Date: 17th September 2015

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

TITLE: CAR ALLOWANCE

Contact Officer: Charles Obazuaye
Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk

Chief Officer: Director of Human Resources

Ward: N/A

1. REASON FOR REPORT

- 1.1 As part of addressing the unprecedented budget pressures the Council, having reviewed every cost pressure, proposed to move from a two-tier to a single flat car allowance arrangement for all authorised car users, resulting in circa £300,000 saving per year.
- 1.2 Following extensive staff and Trade Union consultations, the General Purposes & Licensing Committee, on 26th March 2015, agreed as follows:
 - 1.2.1 All new recruits from 1st April 2015 required to use their car for legitimate business purposes will be reimbursed on a single flat rate of 45p per mile, set locally by the Council.
 - 1.2.2 Delegated to the Director of Human Resources, in consultation with the Director of Finance, the authority to review and vary the local rate payable, having regard to local circumstances and the prevailing recommended HMRC rate.
 - 1.2.3 Noted that existing staff and their representatives were being consulted on the proposal to phase the change from a two-tier payment to a single flat payment over a three-year period.
- 1.3 Hence, this report sets out the details of the phasing arrangements, the impact of the change and the outcome of the additional staff and Trade Union consultations

2. RECOMMENDATION(S)

- 2.1 Members are asked to consider the report and:

- 2.1.1 Note that the single flat rate of 45p per mile (with no additional annual lump sum under the old two-tier payment system) has had no adverse impact on the Council's ability to compete in the labour markets for new staff.**
- 2.1.2 As far as staff employed by the Council before 1st April 2015 are concerned, agree to reimburse them for the use of their car for legitimate business purposes on the phasing arrangements/details set out in paragraph 3.8 below.**

Corporate Policy

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

Financial

1. Cost of proposal: £300k savings target
 2. On-going costs: N/A/Non-recurring cost/Recurring Cost
 3. Budget Head/Performance Centre:
 4. Total current budget for this Head:
 5. Source of Funding:
-

Staff

1. Number of staff (current and additional): Approximately 380 essential car users and 570 casual staff
 2. If from existing staff resources, number of staff hours:
-

Legal

- 1) Legal Requirement: No Statutory Requirement or Government Guidance
 - 2) Call In: Call in is not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected) N/A
-

Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 Bromley Council is the first and only London Borough to come out of the regional and national negotiating frameworks for local government staff. The Council implemented a local terms and conditions of employment framework in 2013. It means that the council is no longer bound by the terms set or determined by any of the regional or national negotiating bodies. Instead, Bromley Council's terms and conditions of service for staff, with the exception of teachers, are determined locally by democratically elected Councillors having regard, of course, to the national and local labour markets, good industrial relations and local negotiation and consultation arrangements with staff and their representatives and the UK and EC employment laws.
- 3.2 The council will need to find significant savings in the next four years, having already achieved savings of over £60m since 2011/12. Consequently, every cost pressure and service in the Council has been reviewed and still being reviewed on a regular basis by officers and Members in order to bridge the significant gaps between expenditures and incomes, achieve further cashable efficiencies and reduce the impact of the unprecedented financial pressure on frontline services and local people and residents in the borough.
- 3.3 The 2015/16 draft budget included a £300k saving from the proposed restructuring of the Car Allowance Scheme by replacing the two-tier payment with a single, flat rate, payment consistent with the HMRC recommended advice.
- 3.4 Under the two-tier system, essential car users were generally reimbursed on the basis of a lump sum of £963 per annum. Additionally, essential car users also receive 40.9p for every mile for business purposes. In the main, casual car users receive 52.2p per mile without the lump sum element. Lease car staff are reimbursed at a much lower rate, currently 11p per mile only.
- 3.5 Under the single flat rate arrangement, there is no annual lump sum payment and both casual and essential car users will receive a single, all inclusive, rate set locally, taking into account the HMRC recommended rate, currently 45p per mile and any relevant local factors.
- 3.6 As previously advised in the last report to this Committee, the two-tier payment, including the £963 lump sum, whilst recognising the impact of removing it from individual staff, is difficult to justify and retain in the current financial climate. The HMRC maintains that its recommended single rate of 45p per mile sufficiently covers both the fixed cost (wear and tear on the car, insurance, etc.) and the running cost (petrol). The general reduction in petrol cost and low inflation are germane to the argument in favour of a single flat rate payment. Hence, the HMRC treats any payment over and above its recommended single rate of 45p per mile as "profit" to be subject to tax and NI deductions at each individual beneficiary's rate.
- 3.7 As also previously advised, a number of organisations, including neighbouring authorities, already apply a similar single payment based on the HMRC recommended rate or a similar rate. The Local Government Association (LGA) survey in 2014 stated that 38% of Councils pay HMRC rates for all claims, including

essential car users. Since April 2015 the single flat rate has been applied to all new staff who are required to use their car for business purposes, irrespective whether they are essential or casual car users. To date there is no evidence to suggest that the change to the single flat rate has undermined the Council's competitiveness in the local and/or national labour markets.

3.8 That said, in recognition of the impact on some individual staff currently in receipt of the two-tier payment and the lump sum of £963 in particular, there was a further consultation with staff and the Unions on the following phasing arrangement aimed, of course, at reducing and mitigating the impact:

3.8.1 - Year 1 2015/16. Members already agreed no change following staff and Trade Union feedbacks. It means that affected staff will see no change to the reimbursement arrangement for casual and essential car users in the current financial years. Essential car users, save for new staff, will continue to receive the two-tier payment, including the lump sum of £963 per year;

3.8.2 Year 2 – 2016/17

- Essential car users – 50% of the current value of the lump sum will be paid and no change to the mileage rate;
- Casual car users – local mileage, having regard to the HMRC mileage rate (currently 45p per mile, subject to review) to be applied to all business miles driven;

3.8.3 Year 3 – 2017/18. No essential car user lump sum allowance will be paid and all essential and casual car users will be reimbursed at a single local rate per nosiness miles driven, having regard to the HMRC rate (currently 45p per mile, subject to review).

3.9 There are currently 380 essential car users with around 570 casual users. There are around 160 lease car users, of which about 106 users are in the hard to recruit and retain posts mainly in the frontline children services teams. The entitlement to a lease car is a significant pull factor for social workers and children social workers in particular and, hence, it remains a key part of the council's recruitment and retention package for this group of staff. Lease car users are not affected by this report and the recommendations therein. As stated above, the current mileage allowance for lease car users is significantly lower at 11p per mile.

3.10 Currently car allowances cost the Council £722k per year, with essential car users alone costing the Council £600k in 2014/15. These figures are not sustainable in the current financial climate, hence a £300k saving has been factored into the Council's financial budget planning.

4. Management to Staff and Trade Union Consultations

4.1 Members, having considered the comments and responses from staff and their representatives, agreed to vary the original proposal in the 2015/16 draft budget as follows:

- (a) Introduce the new single flat rate for all new recruits from 1st April 2015; but
- (b) Adopt a graduated/phased approach on the terms set out in paragraph 3.8 above for existing staff.

4.2 There were additional staff and Trade Union consultations on the phased approach. A number of meetings were held with the three main Unions, namely Unison, Unite and GMB. The Unions did not support the original proposal to move from a two-tier payment to a single flat rate for all car users. They described the proposal as a “pay cut” and, as far as they were concerned, the phasing arrangement was only delaying the inevitability. However, despite repeated requests, the unions have not submitted a formal written response to the phasing arrangement.

4.3 A total of 28 staff attended the additional consultation meetings held on 23rd April 2015 and 11th May 2015. A total of 42 staff responded to the proposal by email. A table of issues raised by staff and management responses can be found at Appendix 1. A summary of the key issues for consideration is as follows:

4.3.1 Recruitment and retention of staff – it was suggested that the single flat rate without the lump sum element for essential car users in particular will make the Council less competitive in the local and regional markets, especially for hard to recruit staff, e.g. planners, children social workers, building surveyors, etc. However, several other local authorities have already moved to this new rate of reimbursement and there is no evidence to support any negative impact on their ability to recruit and retain staff. To date the new rate has not affected the Council’s ability to recruit new staff who are already on the new single flat rate since 1st April 2015;

4.3.2 Pay cuts – staff also suggested that the reduction in reimbursement as a result of phasing out the lump sum for essential car users and introducing the single flat rate for both essential and casual users on the HMRC recommended rate, currently 45p per mile, is tantamount to a pay cut. Suffice it to say that the rate payable to staff for using their car for business purposes is not pay per se. It is designed to recompense the car user for the fixed and running costs associated with the use of their car for business purposes. The HMRC recommended single flat rate of 45p covers both the fixed and running costs. If the rate is above the 45p rate, the HMRC considers it to be “profit” subject to tax and NI liabilities.

The impact of the difference between the current two-tier payment and the HMRC recommended single flat rate of 45p on affected staff, depends on individual mileages. The impact on casual staff is the difference between the current 52.2p per mile (with no lump sum) and the HMRC recommended rate of 45p per mile. For example, a casual car user with 500 miles per year will receive £225 instead of £261, or £675 instead of £783 for 1500 miles per year, before any deduction for tax and NI liabilities.

The impact on essential car users is relatively greater because of the removal of the annual lump sum of £963, albeit on a graduated/phased basis. Although essential car users will receive a higher mileage at 45p per mile compared to the current rate of 40.9p per mile, the loss of the lump sum (£963) per year is a real concern for the affected staff. However, some 50 staff on essential car user status received the lump sum without any recorded mileage. This is clearly not right and, consequently, the list of essential car users will be re-examined by Human Resources and Directors, consistent with good audit practice.

Broadly speaking, the impact on most essential car users is somewhere between £600-£700. The phased removal of the lump sum effectively, over a three year period including the no change position in the current financial year (2015/16) is a relevant mitigating factor.

In the long term the use of alternative arrangements, including pool cars and car clubs, may also help to reduce the dependency on staff using their own cars for business purposes and, ipso facto, reduce the financial impact on individual staff and the Council. For example, Croydon Council have recently undertaken a review of their staff travel and have confirmed savings of £500,000 partly as a result of introducing a car club. HR and colleagues in the Environment and Community Services Department are looking to develop a financial business case for introducing a similar car club for staff, especially staff who drive relatively low mileage on Council business. It will build on the current five car club vehicles mainly for residents in the borough with two vehicles based in Bromley North, one on the High Street in Orpington outside the Village Halls development and two further cars in the Bromley Common Trinity Village residential development. Additional car club vehicles are in the pipeline as new developments complete which have planning conditions to introduce a car club.

- 4.4 Alternative rate to the HMRC rate – a small number of staff also suggested that the Council should consider a higher rate instead of the HMRC recommended rate of 45p per mile. For example a small number of organisations use the Automobile Association (AA) recommended rate currently 56.34p. Firstly, the AA rate includes a number of non- mileage related factors so making any direct comparison with HMRC rate is a little bit difficult. Secondly, the difference between AA rate at 56.34 per mile and the HMRC 45p rate is still subject to tax and NI deductions. Thirdly, consequently, any non-cashable efficiency especially in Payroll will be lost because under the AA rate the Council will still be required to complete and process the annual P11D tax returns. Fourthly, under the AA rate, the £300k savings target will be missed by approximately £75k per year.
- 4.5 Contractual change – staff also questioned the legal basis for effecting the change from the current reimbursement arrangement consisting of a lump sum payment for essential car users and a mileage rate to a single flat rate. The Council can make the change under the current terms and conditions of employment. Staff and Trade Unions have been consulted on the budget proposal to achieve £300k from restructuring the car allowance arrangement. Additional staff and Trade Union consultations were also arranged following Member decision to consult affected staff on the phasing arrangement for existing staff.
- 4.5 Equality Impact Assessment – the profile of car users will not change as a result of phasing the removal of the two-tier payment and replacing it with a locally determined single flat rate payment in line with the HMRC recommended rate.

5. POLICY IMPLICATIONS

- 5.1 The report is consistent with the main drivers behind the decision to replace the nationally and regionally negotiated framework with a local arrangement. Apart from

addressing the significant budget pressure, the report is a right step in the right direction to further localise the terms and conditions of service to Bromley Council staff.

6. FINANCIAL IMPLICATIONS

- 6.1 The 2015/16 budget assumed a saving of £300k for the revised car allowance scheme. Given the outcome of consultation it was agreed that the implementation of the new scheme would be rephrased with £150k savings from 2016/17 and £300k savings in a full year from 2017/18.

7. LEGAL AND PERSONNEL IMPLICATIONS

- 7.1 These are sufficiently covered in the report, including the legal and financial business case for replacing the two-tier payment structure with a single flat rate for car users. The latter is consistent with the HMRC recommended advice adopted by a number of private and public sector organisations, including up to 38% Councils. As also previously advised in the last report to this Committee in February 2015, the change is not tainted by discrimination but by a necessary financial intervention to address the budget deficit, currently £47m by 2018/18.
- 7.2 The change, if agreed, will affect about 380 essential car users and around 570 casual staff. Lease car users (160 staff) are not affected by the change in mileage allowance. This group of staff are already compensated at a much lower rate, currently 11p per mile. The change will not alter the equality profile of essential and casual car users and, hence, there is no significant equality impact assessment issue to consider. The phasing arrangement means that existing staff on essential car user status, unlike new staff who joined the Council from 1st April 2015, will continue to receive the lump sum of £963 in the current financial year 2015/16 and next year 2016/17 at 100% and 50% rate respectively. It effectively means that the change will be achieved over a 3-year period, including the status quo position in 2015/16.
- 7.3 The Council remains a competitive employer offering flexible terms and conditions of service, including additional remunerations, e.g. market supplements, recruitment and retention packages, merited reward payments, etc. If and when required to attract and retain quality staff. Under the localised pay and conditions of service framework, the Council is more able to respond positively to changes in the local and regional labour markets without some of the constraints associated with the national collective bargaining arrangements.
- 7.4 To date the single flat rate of 45p per mile, which was implemented for new staff from 1st April 2015, has not impacted negatively on the Council's ability to recruit and/or retain new staff. A total of 58 new staff with car user status (including 21 essential car users) were appointed since 1st April 2015. Only one new staff has left the Council between 1st April 2015 and now. Also, no "old" staff have left the Council citing the phased removal of the two-tier car allowance as a reason for leaving.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

Staff responses to Proposed Changes to Car Allowances

A total of 42 staff responded by email

A total of 28 staff attended the Consultation meetings held on 23 April 2015 and 11 May 2015

Issue raised	Number of staff	Response
This is a change to the terms and conditions of my contract which I do not accept.	20	<i>The Council can make changes under current</i>
The loss equates to a pay cut of between £500-£1000. How can this be justified when I need a car to do my job.	6	<i>The HMRC rate is designed to recompense the car user for fuel costs, business insurance, servicing, tyres and tax when an individual uses their own car for business. Many Local Authorities have already moved to this rate of reimbursement. If the allowance is above this 45 pence rate then the Inland Revenue consider it to be profit and this would be taxed. The current allowances subject to tax and national insurance where they exceed 45 pence per mile.</i>
Is the lease car scheme being reviewed with a view to making savings in this area?	7	<i>At this time the lease car scheme is not being looked into. The lease car scheme was recently reviewed, there are now only approx. 166 lease cars in the organisation compared to approx. 400.</i>
Why are managers with lease cars unaffected by these changes?	6	<i>70% of lease car holders are in non-managerial positions. The majority of staff who receive a lease car are in hard to recruit and retain posts.</i>
Changes to the lease car scheme would save the Council c£150K per annum.	1	
If the lump sum is removed what happens to me if I cannot afford to run my car even though my job depends on it.	4	
The proposed HMRC rate does not fairly compensate or take into account paying for business insurance and servicing.	4	<i>The council will continue to pay you for using your car for business use at HMRC recommended rates (£0.45 per mile). If you assume the average car does 30 miles per gallon and if you travel for 30 miles at the £0.45 rate you</i>

		<i>would get £13.50 for that journey. Of that approx £4.86 is the cost of a gallon of petrol, so the remaining is considered reasonable recompense for wear and tear on your vehicle and other associated running costs including business insurance.</i>
My contract states that I should receive an essential car user allowance.	3	
I will refuse to use my car if the lump sum is removed.	2	<i>If you have been using your car as an essential or casual car user for work then you will be reasonably expected to continue to do so, but under the new scheme, which continues to recompense you for using your car.</i>
I need to use a car do my job, public transport is not an option so what other options are available to me?	2	<i>The Council is currently exploring different initiatives to supplement available cars for staff who need to drive as a requirement of their job. The Council currently has a Pool Car scheme. Going forward staff in the Human Resources division are working with colleagues in the Environment & Community Services department to look at introducing a Car Club scheme. They are developing a proposal for Member consideration and approval which will give staff access to alternative car arrangements. A similar scheme is already in place in the Borough for residents.</i>
Will a consultation meeting be held to discuss the issues and proposed changes?	2	<i>Yes, consultation meetings are being planned.</i>
Is the Council planning on dismissing and reengaging staff who not agree to these changes.	2	
Legally how can the Council justify expecting a <u>casual</u> car user to have to have supply their own vehicle to do their job. (see email bob clegg)	1	<i>If you have been using your car as an essential or casual car user for work then you will be reasonably expected to continue to do so, but under the new scheme, which continues to recompense you for using your car.</i>
How does the Council think it will attract and retain staff if it removes this payment?	1	<i>Several other Local Authorities have already moved to this new rate of reimbursement and there is no evidence to suggest any negative impact on their ability to recruit and retain staff.</i>

		<i>As part of the consultation the Council will consider any adverse effects the proposal may have on hard to recruit and retain front line posts i.e. Children's Social Workers.</i>
With the revision to the allowance for car mileage will the rate for cycling be raised to incentivise us to cycle?	1	<i>There are no plans to increase the allowance paid to staff who use their bike for work purposes as the current rate is deemed appropriate.</i>
A car is a tool to do a job, how can the Council justify not paying employees for providing their own tools to their job?	2	<i>The HMRC rate reimburses sufficiently to cover petrol, wear and tear and other associated running costs.</i>
The HMRC rate is too low to be applied for Bromley staff, the formula devised is for rural driving so it should be increased.	1	<i>The Council will take this feedback into account and will determine a range of factors before it sets any agreed rate.</i>
The Council will need to extend the amount of Pool Cars it has for staff who work outside of core hours (8am-6pm) as the Car Club cars may not be available during these hours as the public will be able to book them.	1	<i>The Club Car scheme is currently being looked at.</i>
How does the consultation process work?	2	<i>All comments will be captured and reported back to members who will ultimately make the decision on car allowances and any changes to it. A report is planned to go to GP&L in July 2015.</i>
The proposed changes are discriminatory as they only affect once part of the work force.	2	<i>The c£300K savings form part of wider savings that will come from all areas of the Council to make up the £50m savings needed over the next four years. All areas of the Council are being looked at.</i>
Has an Equality Impact Assessment been carried out in relation to the proposed changes?	1	<i>No. The profile of users reflects the profile of the organisation.</i>
Would staff have to pay to be in the Car Club?	1	<i>No, the costs are met within the service.</i>
We other staff terms and conditions looked as well as the changes to essential car user allowance?	1	<i>All terms and conditions were looked at and are regularly reviewed. At present this is the only proposed change the Council is making.</i>

This is a pay cut for all essential car users.	1	<i>It is not a pay cut, the proposed changes are about fairly reimbursing staff.</i>
Will the Car Club cost more to implement than the current essential car user allowance payments?	1	<i>The Car Club is just one option at present and costs are still being analysed by colleagues in the ECS department. It is thought the introduction of Car Club is the most cost effective option.</i>
Was the decision to delay the implementation of the proposed changes until April 2016 due to the fact the Council had not sought legal advice on the implications?	1	<i>Legal advice was previously sought, however Members recognised the impact the changes could have on staff and so took the decision to delay by 12 months.</i>
As a commissioning authority is the Council making these changes so that staff become a 'cheaper' proposition to any potential outsourcing company?	1	<i>This is not a factor in the proposed changes, the only factor in making these proposed changes is the finding savings due to the unprecedented savings the Council needs to make.</i>

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Report No.
ES 15068

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Thursday 17 September 2015

Decision Type: Non-Urgent Non-Executive Key

Title: LICENSING ACT 2003 - STATEMENT OF LICENSING POLICY FOR 2016 TO 2021

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

Chief Officer: Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

To present Members with the results of public consultation on the draft Licensing Policy and recommend the approval of the draft policy for adoption by Council on 19 October 2015.

2. **RECOMMENDATION(S)**

Members are asked to note and comment on the response to public consultation and recommended the Statement of Licensing Policy under the Licensing Act 2003 for adoption by full Council on 19 October 2015 to have effect from 7 January 2016.

Corporate Policy

1. Policy Status: Existing Policy: The Council adopted its statement of licensing policy for the period 2011 - 2016 on 25 October 2010. It was subsequently revised and updated in May 2012
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Vibrant, Thriving Town Centres:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Public Protection and Safety Portfolio budget
 4. Total current budget for this head: £2.1m
 5. Source of funding: Existing Revenue Budget 2015/16
-

Staff

1. Number of staff (current and additional): 51 fte
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Section 5 (as amended) of the Licensing Act 2003 requires the Council as the Licensing Authority to determine and publish its policy every 5 years.
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All businesses and organisations who hold licences, their customers and residents who live in close proximity.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes All Ward Councillors received a letter advising them that the draft policy was available for comment on the council's website.
2. Summary of Ward Councillors comments: None

3. COMMENTARY

3.1 The Council is the Licensing Authority for the purposes of the Licensing Act 2003 and is required to establish a licensing committee to discharge its day to day duties. These duties have been delegated to the General Purposes and Licensing Committee.

3.2 The General Purposes and Licensing Committee prepares and recommends to full Council the adoption of the Councils Statement of Licensing Policy which is required by the Licensing Act 2003.

3.3. The Statement of Licensing Policy is reviewed every five years and the current policy expires on 6 January 2016.

3.4 At its meeting on 14 July 2015 Members approved a draft Statement of Licensing Policy (2016-2021) for public consultation.

3.5 The draft policy has been published on the Council's website and all licence holders (premises, clubs and personal) have been written to advising them of the draft policy, highlighting the most significant changes and seeking their views. In addition the draft policy has been drawn to the attention of the statutory Responsible Authorities and a wide range of other bodies and organisations as listed on page 5 of the draft policy.

3.6 This report updates Members on the responses to the public consultation.

3.7. A total of four responses have been received.

1. Copers cope Area Residents Association – Supported the proposed policy
2. Babbacome Road Residents Association – Detailed comments (Appendix 1 including a response)
3. Bromley Safeguarding Children Board – corrected their name
4. Duke of Kent Court Bowls Club – No comments

3.8. Members are asked to consider the comments made and whether they require any further changes to the proposed final version of the policy.

3.9 In light of the responses to the consultation, a final version of the policy is attached which Members are asked to recommend for adoption by full Council on 19 October 2015. (Appendix 2)

4. POLICY IMPLICATIONS

This version of the Councils policy has been reviewed and updated to address concerns about an observed increased in crime and disorder in Bromley and Beckenham town centres and to set out the Councils vision for Bromley, Beckenham and Orpington town centres following discussion with Ward Members and other Councillors.

5. LEGAL IMPLICATIONS

The Council is required to prepare and publish a statement of its Licensing Policy for a period of 5 years from 7 January 2016 to 6 January 2021.

Non-Applicable Sections:	PERSONNEL & FINANCIAL IMPLICATIONS
Background Documents: (Access via Contact Officer)	Licensing Act 2003, Guidance issued by the Secretary of State under Section 182. Draft Licensing Policy and Committee report to GP&L 14 July 2015.

BABBACOMBE ROAD RESIDENTS' ASSOCIATION

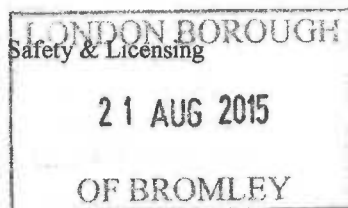
Incorporating: Babbacombe Road, Station Road, Mitchell Way, High Tor Close, Holligrave Road, Ronalds Road & Glebe Road

Babbacombe Road
Bromley
Kent, BR1 3LR

Tel: [REDACTED]

Date 20th August 2015

Paul Lehane
Head of Food Safety, Occupational Safety & Licensing
Civic Centre
Stockwell Close
Bromley BR1 3UH



Dear Paul Lehane,

**COMMENTS ON:
DRAFT STATEMENT OF LICENSING POLICY 2016 to 2021 Licensing Act 2003**

Having read the draft Statement of Licensing Policy 2016 to 2021 we make comment as per attachment.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Paul Lehane".

[REDACTED]
(chairman) Babbacombe Road Residents' Association:

BABBACOMBE ROAD RESIDENTS' ASSOCIATION

incorporating: Babbacombe Road, Station Road, Mitchell Way, High Tor Close, Holligrave Road, Ronalds Road & Glebe Road

COMMENT ON: DRAFT STATEMENT OF LICENSING POLICY 2016 to 2021 LICENSING ACT 2003

DATE 20th August 2015

CONTACT These comments have been submitted on behalf of the Babbacombe Road Residents' Association, where contact may be made to the chairman – ~~XXXXXXXXXX~~
Babbacombe Road, BR1 3LR phone ~~XXXXXXXXXX~~ brra@btinternet.com.

1. Page 6 of draft – Fundamental Principle – para 4 under sub heading Late night Levy & Early morning order.

With businesses becoming more active in creating a 24 hour economy within the Town Centre we feel it unwise that it is not considered necessary to address this issue. It is not enough to just say that you will be “monitoring” this trend.

At least one operation in East Street already operates until 5am (Vu Vu), a Planning Application submitted by INTU for cinemas and cafes/restaurants to operate through the night will bring in further night-time activity and, it is understood, the BID currently being reviewed by Town Centre businesses will be working on introducing further night time activities.

We, therefore, would prefer to see the Licensing activities controlled by Bromley Council to become far more pro active in dealing with this trend than is suggested in this draft.

2. Page 6 of draft – Fundamental Principle – para 5 under sub heading Late night Levy & Early morning order.
Page 23 - Dispersal

We appreciate the limitations that any licensing authority has when legislating on businesses controlling their customers after leaving their premises, but we consider this to be an issue that needs greater thought.

Whilst this draft recognises the problem by referring to other mechanisms whereby the issues may be addressed, we feel now is the time to make businesses take greater responsibility in dealing with unruly customers on leaving their premises. For instance we understand that customers from one of the establishments in East Street, have been known to leave smashed bottles, rubbish and cigarette butts along the stretch of East Street where these establishments are sited. Is it not possible, therefore, for the licensing law to take account of “unruly behaviour by its customers to within, say 50 yards of the establishment”. This would at least make the operators aware of their responsibility within the local community.

3. Page 23 – LICENSING HOURS – Sale of Alcohol for Consumption on the Premises

A few years ago we understood that the Police recommended a staggered dispersal of customers from pubs within a locality, so that there was never a serious problem of large groups of drinkers all dispersing into the local community at the same time. We are unsure if this is still the preferred option from the Police and if it is, how you intend to license the increasing number of operators who will be operating in the Town Centre. We feel greater clarity needs to be given to the wording in this section.

4. Page 50 APPENDIX C - ...special policy of Cumulative Impact within Town Centres

There have been previous efforts by the Council in restricting the number of licences, where alcohol is sold and consumed, to within the town centre. This, however, seems not to have been adhered to since applications have been approved beyond the point where we understood the maximum had been reached.

Therefore, we seek greater clarity to be given within this section on what is understood to be the maximum number of licences beyond which the Cumulative Impact would prove detrimental to the town centre community.

5. Page 34 & 35 – ALCOHOL PUBLIC HEALTH

It is worrying to read that around 25% of all drinkers within Bromley are categorised as either High Risk or of an Increased Risk of becoming a High Risk drinker. Calculating this out to an amount of 30,000 and considering that town centres attract more customers than elsewhere in the borough, we take the opinion that a Licensing Policy needs to have a more robust approach to Town Centre applications than those outside the town centres.

By considering the points we have made above and taking action to meet our requests may help local communities such as ours, to feel that they are being considered and listened to.



Environmental Services

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Email: 020 8313 4216

paul.lehane@bromley.gov.uk

Fax: 020-8313 4450

Internet: www.bromley.gov.uk

DX5727 Bromley

Our Ref: ehts/co/pml

26 August 2015

[REDACTED]

(Chairman Babbacombe Road Residents Association

[REDACTED] Babbacombe Road

Bromley

Kent BR1 3LR

Dear [REDACTED]

Comments on the draft statement of Licensing Policy 2016-2021

Thank you for your letter dated 20 August and the comments on the draft policy.

These will be included in my report to the General Purposes and Licensing Committee on 17 September.

In response to your points I would make the following observations.

1. The comments regarding 'monitoring' only related to the introduction of the Late Night Levy and Early Morning Restriction Orders. These have been considered but Councillors have decided they are not necessary or appropriate to the Borough at this time.

The Council does keep the policy under constant review and if circumstances change the policy is updated as necessary during its 5 year lifetime.

2. I acknowledge this is a difficult issue. Under the Act licence holder cannot be held directly responsible for the behaviour of customers when they are off their premises. The Guidance issued by the Secretary of State (Par 2.20) states that

'Beyond the immediate area surrounding the premises, these are matters for the personal responsibility of individuals under the law. An individual who engages in anti-social behaviour is accountable in their own right. However, it would be perfectly reasonable for a licensing authority to impose a condition, following relevant representations, that requires the licence holder or club to place signs at the exits from the building encouraging patrons to be quiet until they leave the area, or that, if they wish to smoke, to do so at designated places on the premises instead of outside, and to respect the rights of people living nearby to a peaceful night.

In practice however both the Police and the Council do take in account and act on the effect of disorderly behaviour by customers. The Police recently brought a formal 'Review' of the licence for VuVu because of drunkenness and associated crime and disorder in the area

3. We are still adopting an approach to closing hours based on individual applications and staggered closing hours.

4. The cumulative impact policy is still in place and Members have expressed a wish for it to remain so. Whilst the policy creates a presumption for refusal it is open to a Licensing subcommittee to allow an application where they are satisfied that the promotion of the licensing objectives would be adversely affected. We are required to consider each application individually. We cannot set a numerical limit on the number of licences that can be held in a particular area.

5. I note your comments on the potential scale of high risk drinkers. Whilst colleagues in Public Health are now 'Responsible Authorities' and are included in all consultations for licence applications it is very difficult for them to raise specific representations, particularly when health is not one of the four 'licensing objectives. As the law stands the Council can only respond to concerns that relate to the four licensing objectives. We asked for Public Health to contribute to the policy as means of beginning to raise awareness about the wider impact of alcohol on the health of the community.

Yours sincerely

Paul Lehane


Head of Food Safety, Occupational Safety and Licensing
0208 313 4216
Mobile 07956680727
paul.lehane@bromley.gov.uk

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London Borough of Bromley

Statement of Licensing Policy 2016 - 2021

Approved by the General Purposes and Licensing Committee on
17 Sept 2015
and Council on 19 October 2015

Effective from 7th January 2016



Contents

Page number

Introduction	
Background	
Licensing Process Flowchart	
The Policy Statement	
Fundamental Principles	
Special Policies on Cumulative Impact	
Visions of our Town Centres	
Premises Licences and Club Certificates	
Applications	
Licence Conditions	
Temporary Events Notices (TEN)	
Consultation	
Relevant Considerations under the Licensing Objectives	
Areas identified for special consideration	
Personal Licences	
Integrating Strategies and Avoiding Duplication	
Planning and Building Control	
Alcohol and Public Health	
Cultural Strategies	
Racial Equality	
People with Disabilities	
Censorship	
Enforcement	
Appeals against Licensing Sub Committee Decisions	
Administration Exercise and Delegation of Functions	
The Role of Ward Councillors	
Appendix A Definitions	
Appendix B Responsible Authorities Contact List	
Appendix C Cumulative Impact Maps for Bromley and Beckenham	
Appendix D Example of an acceptable petition layout	

Introduction

Bromley Council is the Licensing Authority under the Licensing Act 2003 and is responsible for the administration and enforcement of a range of permissions relating to

- for the sale and/or supply of alcohol,
- the provision of regulated entertainment and
- late night refreshment.

The Licensing Authority has delegated its licensing functions to the General Purposes and Licensing Committee. Members of this Committee will be responsible for the detailed administration of the Council's licensing function assisted by officers. The decision-making arrangements between the Licensing Authority (The Council), the Licensing Committee and officers are set out in this policy statement.

Background

Bromley's Licensing Policy will apply for a maximum period of five (5) years up to January 2021. During this time it will be kept under review and maybe revised in the light of changes to legislation, guidance or circumstance.

Bromley is responsible for over 900 licensed premises and 2000 Personal Licences including:

- Pubs, bars and nightclubs
- Restaurants
- Members Clubs
- Off Licences
- Late night food venues
- Premises offering regulated entertainment

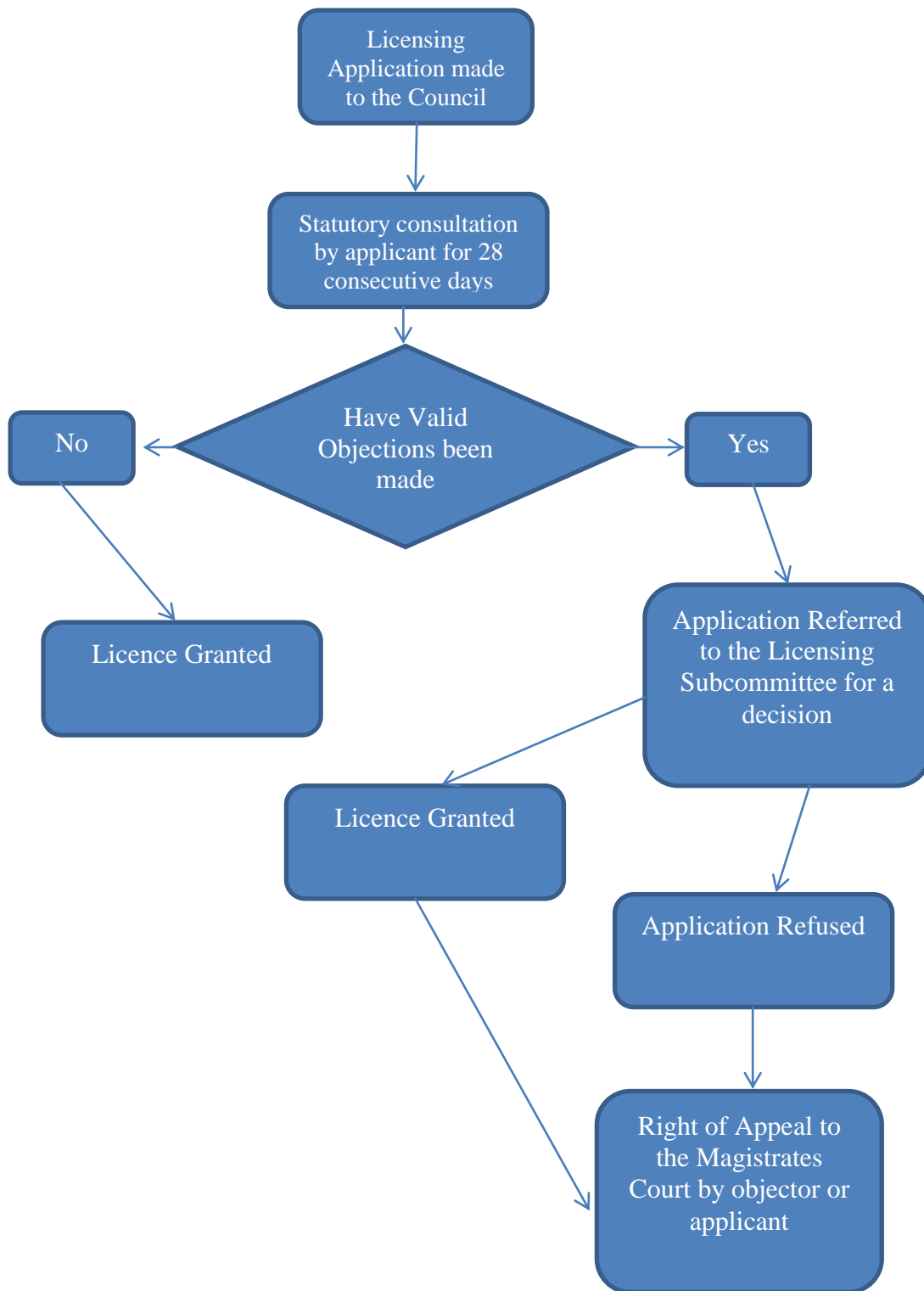
The Licensing Authority has a wide range of responsibilities including helping to develop and promote a strong sustainable local economy. Thriving food, drink and entertainment businesses in the Borough are an important part of that local economy and this policy is critical to their continuing success and for attracting further investment and opportunity to the Borough. Balanced against this is the Council's legal duties and commitment with its partners to reducing crime and disorder and the fear of crime. It is also important to protect and maintain our environment so that residents, visitors and other businesses can enjoy the opportunities for living, visiting and working within the Borough safely and free from nuisance.

Bromley values its younger people and is active in ensuring they are offered a wide range of opportunities and experiences to develop whilst seeking to protect them from harm. For these reasons the Licensing Authority takes its responsibilities under the Licensing Act very seriously and will use all the available powers to promote the four licensing objectives:

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

Through the Licensing Act 2003 the Government has provided opportunities for businesses to develop and flourish in socially responsible ways and has simplified and lightened the administrative burden of licensing. However, the Licensing Act 2003 and more recently the Anti-Social Behaviour Policing and Crime Act 2014 contain strong powers for both the Police and the Licensing Authority. These will be used to their fullest extent where businesses or licence holders blatantly infringe the law or undermine one or more of the licensing objectives.

Flow chart of the Licensing Process for Premises and Clubs



The Policy Statement

Scope of the Licensing Policy

The Licensing Act 2003 sets out the legal framework for the Licensing Authority to licence the following activities:

- Retail sale of alcohol
- The supply of alcohol by or on behalf of a club
- Regulated entertainment
- Late night refreshment.

See appendix A for definitions of these activities.

These activities are controlled through a system of:

- Premises licences
- Club premises certificates
- Personal licences
- Temporary event notices
- Community Ancillary Sellers notice (expected to be introduced in 2016)

The Act requires the Licensing Authority to carry out its various licensing functions so as to promote the four licensing objectives. The Act also requires the Licensing Authority to prepare and publish a statement of its licensing policy every five years. This statement of licensing policy fulfils this requirement and has been prepared in accordance with the guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003.

Consultation

In determining its policy the Licensing Authority has consulted with the following people and organisations:

- Chief Officer of Police for Bromley
- London Fire Brigade
- Chief Planning Officer
- Bromley Safeguarding Children Board
- Health and Safety Executive and Bromley's Health and Safety Enforcement Team
- Public Health Team (Public Protection Division)
- Trading Standards Service (Public Protection Division)
- Holders of premises licences
- Sports and Social Clubs (representing club premises certificate holders)
- Personal Licence Holders
- Residents' Associations
- Ward Members
- Crime and Disorder Reduction Partnership
- Transport for London (TfL)
- The London Boroughs of Bexley, Greenwich, Lewisham, Southwark, Lambeth, Croydon, Sevenoaks District Council and Tandridge District Council
- PRUH – Kings College Hospital NHS Foundation Trust
- Bromley Arts Council
- Individuals who have requested a copy of the draft policy.

Proper weight will be given to the views of all the persons/bodies consulted before this policy statement takes effect.

Fundamental Principles

This policy statement sets out the Licensing Authority's general approach to administering licensing applications. It provides guidance on the statutory process to be followed and also sets out where we will ask for additional information to help us assess an application and assist Members of a Licensing Sub Committee when they are called to make decisions.

The Licensing Authority acknowledges the right of any individual to apply under the terms of the Act for a variety of permissions and to have any such application considered fairly on its individual merits. Similarly, this policy statement does not override the right of any person to make representations on an application or seek a review of a licence or certificate where provision has been made for them to do so in the Act.

Licensing is about the control of licensed premises, qualifying clubs, temporary events and individuals within the terms of the 2003 Act. Any conditions or restrictions attached to a premises licence or club premises certificate will be focused on matters, which are within the control of individual licensees, and others granted relevant permissions.

The Licensing Authority will primarily focus on the direct impact of the activities taking place at the licensed premises, on members of the public living, working or engaged in normal activity in the area concerned.

Late Night Levy and Early Morning Restriction Orders

The Licensing Authority has carefully considered introducing the Late Night Levy and Early Morning Restriction Orders within the borough. Currently this has not been considered necessary to manage Bromley's late night economy. This will continue to be monitored and should circumstances change further consideration will be given to these two measures.

Licensing law is not a mechanism for the general control of nuisance or antisocial behaviour by individuals once they are beyond the direct control of the individual, club or business holding the licence, certificate or permission concerned. Nonetheless, the controls exercised through the provisions of the Act are key aspects to the control of nuisance and antisocial behaviour and will form part of the Council's holistic approach to licensing. In this respect, the Licensing Authority recognises that, apart from the licensing function, there are a number of other mechanisms available for addressing issues arising out of the operation of licensed premises, including:

- The Council's Crime and Disorder Strategy
- Planning controls
- Ongoing measures to create a safe and clean environment in partnership with local businesses, transport operators and other Council Departments
- Designation of parts of the Borough as places where alcohol may not be consumed publicly
- Regular liaison with Borough Police on law enforcement issues regarding disorder and antisocial behaviour, including the issue of fixed penalty notices, prosecution of those selling alcohol to people who are drunk; confiscation of alcohol from adults and children in designated areas and instantly closing down licensed premises or temporary events on the grounds of disorder, or likelihood of disorder or excessive noise from the premises.

The Council is currently addressing many of these issues through Bromley's Community Safety Strategy, in line with the strategic objectives for crime and disorder reduction within the Borough

Special Policies on Cumulative Impact

The cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for the Licensing Authority to consider in its Policy Statement.

Cumulative impact means the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area.

Representations that an area is at, or is approaching, the point at which it will be subject to cumulative impact may be received from a 'responsible authority', an 'other persons' or from Councillors or officers. Such representations may be made either:

- As a result of ongoing liaison, monitoring and review
- Following representations arising from an application for the grant or variation of a licence, or
- As part of the Licensing Policy review at least every five years.

Where representations are made that an area is already subject to cumulative impact or that the grant or variation of a further licence will result in cumulative impact, the Licensing Authority will take the following steps in each case:

Consider whether there is good evidence that crime and disorder or nuisance are occurring, or whether there are activities which pose a threat to public safety or the protection of children from harm.

- If such problems are occurring, identify whether these problems are being caused by the customers of licensed premises, or that the risk of cumulative impact is imminent.
- Identify the boundaries of the area where problems are occurring (this can involve mapping where the problems occur and identifying specific streets or localities where such problems arise).

Consult those specified in section 5(3) of the 2003 Act,

- Police
- Fire Brigade
- Public Health
- Persons representing holders of premises licences
- Persons representing holders of club premises certificates
- Persons representing Personal Licence holders
- Persons representing businesses.
- Other representatives of businesses and residents.

Subject to the outcome of the consultation, confirm and publish details of the special policy in the licensing policy statement

In any area declared to be subject to a Special Policy of Cumulative Impact it would be the Licensing Authority's intention to refuse to grant new premises/ club licences or variations, unless the application is such that the grant of the licence would have no further detrimental impact on the area and the promotion of the licensing objectives.

This policy applies to all new premises licences and club premises certificates, including but not limited to night clubs, wine bars, pubs, restaurants, take-away premises, supermarkets, shops, theatres and cinemas and leisure services which include licensable activities e.g. sports centres.

Off licences are specifically included in the cumulative impact policy as they can contribute to problems of crime and disorder and nuisance including street drinking, proxy purchasing, underage drinking, dispersal issues, preloading and excessive drinking.

The presumption of refusal does not relieve Responsible Authorities or Other Persons of the need to make relevant representations. If no representations are received the Licensing Authority must grant the application in terms which are consistent with the operating schedule submitted

When determining whether an area is or should be subject to a Special Policy of Cumulative Impact the Licensing Authority will have regard to the following matters: (The decision as to cumulative impact is not based solely on these matters and it is open to the Licensing Authority to consider any other matters that it feels are relevant)

- The nature of the area
- The number and types of licensed premises in the area
- The capacity of those premises
- The hours of operation of those premises
- The approved operating schedules of the premises
- The history of the premises
- The arrangements for the management of the premises
- The customer profile of the premises
- Recorded crime or disorder in the vicinity
- The views and experiences of those who live or work in the area
- The presence of other high-risk characteristics. Such as themed operations or price reductions etc.

Examples of applications that the Licensing Authority may consider as exceptional may include, though are not limited to:

- premises which fit the vision for the respective town centres
- small premises with a capacity of fifty persons or less who only intend to operate until 2300hrs
- premises which are not alcohol-led such as coffee shops

Examples of factors the Licensing Authority will **not** consider as exceptional include that the:

- premises will be well managed and run
- premises will be constructed to a high standard
- applicant operates similar premises elsewhere without complaint
- similar premises operate in the area

The Licensing Authority will periodically review any areas subject to special policies of cumulative impact to see whether they have had the effect intended, and whether they are still needed.

The Licensing Authority will not use such policies solely as the reason for revoking a licence when representations are received about problems with existing licensed premises, or to refuse material variations to a licence, except where the material variations are directly relevant to the policy, for example where the application is for a significant increase in the capacity limits, to extend the opening and or alcohol sale timings or to change the mode or theme of operation at a premises

The Licensing Authority will publish separate details of any additional areas declared to be subject to a special policy of cumulative impact. The area covered by the special policy and the reasons for considering it to be subject to cumulative impact will be set out.

The Licensing Authority recognises that the diversity of premises selling alcohol, serving food and providing entertainment covers a wide range of contrasting styles and characteristics and will have full regard to those differences and the differing impact these will have on the local community when considering applications in saturated locations.

It therefore, also recognises that within this policy, it may be able to approve licences that are unlikely to add significantly to the saturation, and will consider the circumstances of each individual application.

In areas not subject to a special policy of cumulative impact but where representations of cumulative impact are made, the Licensing Authority will consider each application individually.

The following special policies on cumulative impact have been declared:

NO 1 Bromley Town Centre (29th Nov 2004)
NO 2 Beckenham Town Centre (21st February 2007)

See Appendix C

The Licensing Authority is committed to the principle of Special Policies of Cumulative Impact and that the establishment of these two policies have made a significant contribution to the promotion of the Licensing Objectives in Bromley Town Centre and Beckenham Town Centre.

The Licensing Authority confirms its commitment to make all decisions on applications for new licenses or variations in those areas strictly in accordance with those policies. The Licensing Authority wish to make it clear to all applicants that the presumption of refusal of all new licences and material variations stands except where the applicant satisfies the Licensing Authority that the application can be granted without having a detrimental effect on the promotion of the Licensing Objectives.

Vision of our Town Centres

Members have identified 3 town centres where special consideration will be given to licensing decisions based on this policy. The Councils approach in these areas may be different based on the opinions of Ward Councillors reflecting the views of local residents and businesses.

- 1. Bromley Town Centre

Bromley Town Councillors wish to see the continuing development of a responsible and flourishing night time economy in line with the existing profile of businesses pubs, clubs and restaurants. Notwithstanding the existence of the cumulative Impact policy ward members are supportive of applications for premises that will positively benefit the town centre including both the Bromley South and North Developments. However where the operation of licences is irresponsible and undermines the promotion of the licensing objectives, especially crime and disorder or public nuisance, and has a negative impact on the local night time economy, Members will support tough enforcement of licence conditions and reviews.

- 2. Beckenham Town Centre

Beckenham Town Centre is also subject to a cumulative impact policy. Ward Members recognise the improvements brought about to reduce crime and disorder through partnership working and the active support of the larger licenced premises (Operation Triangle 2014/15). Work is in progress to develop an application for a Purple Flag award for Beckenham Town Centre (anticipated submission late 2015).

Consequently Ward Members consider that Beckenham Town Centre is currently operating in a way which promotes the Licensing Objectives however the balance of licence type, timings and diversity is currently optimised for this area and any applications for new licences or variations will be considered very carefully to ensure the current status quo is not jeopardised.

- 3. Orpington Town Centre

Orpington Town Centre is not subject to a Cumulative Impact Policy however the development taking place is designed to promote a “café” type environment with restaurants and cafes being given positive support from the licensing subcommittee to encourage this type of atmosphere and evening economy. Members are not keen to see Orpington develop by way of high density vertical drinking premises or those operating after 23.30.

Premises Licences and Club Premises Certificates

Premises Licences

A premises licence is needed for the

- Retail Sale of alcohol
- Provision of regulated entertainment or
- Sale of hot food and drink to the public between 11pm and 5am.

Club Premises Certificates

Some activities carried out by clubs need to be licensed under the Act but generally clubs are treated differently to proprietary clubs and commercial premises. A club is an organisation where members have joined together for a particular reason i.e. social, sporting or political and have combined to buy alcohol in bulk as members of the organisation for supply to members. In order to apply for a Club Premises Certificate the club needs to be a ‘Qualifying Club’.

A qualifying club:

- Has at least 25 members.
- Membership is not instant. There is a minimum of 2 days between applications for membership and admission. This includes the privileges of membership (i.e. use of facilities and the consumption of alcohol)
- The club is conducted in good faith and has full accountability to its members
- Where alcohol is purchased and supplied, that it is done so by an elected committee of the club.

This will entitle them to certain benefits:

- No need for Personal Licence Holders on the premises
- No need for Designated Premises Supervisors
- More limited rights of entry for the Police and Authorised Persons (Licensing Officers) as the premises is considered private and not generally open to the public
- To sell hot food and drink between 11pm and 5am to members and guests without the need for a licence.

Applications

The Licensing Authority places great emphasis on fully completed application forms containing accurate and transparent descriptions clearly setting out the exact nature of the operation being applied for. Particular emphasis is placed on the detailed completion of the Operating Schedules and General Description of the type and use of the premises.

It is expected that all applications will include the following information under the General Description

- What is the main use of the premises
- What is the Secondary use of the premises
- Is the operation food or alcohol lead
- Will substantial food be offered or small bar snacks
- What type of entertainment is proposed and who is the target audience
- What percentage of the public floor area will be used for Vertical Drinking
- What percentage of the public floor areas will be used for seating (either fixed and movable)
- Will seating be removed for certain functions / activities
- Whether the customer profile changes throughout the proposed opening hours (e.g. a restaurant ceasing food service to move to wine bar drinking / dance premises later in the evening).
- Any theming to the operation

It is the Licensing Authority's intention to apply the information provided as part of the general description as licence conditions.

The Licensing Authority is keen to encourage a balanced, thriving and diverse night time economy within the Borough. To ensure fairness and clarity for all operators, licence conditions will seek to reflect and control the nature of operations based on what is stated in the application form and in the course of any hearing by a Licensing Sub Committee.

The Officers acting on as a 'Responsible Authority' behalf of the Licensing Authority will routinely exercise discretion to make representations against any application where there is ambiguity or lack of information about what is being applied for.

For example an application for a restaurant will have conditions imposed restricting the sale of alcohol as being ancillary to a substantial meal at all times. Customers must have and continue to consume food if alcohol is to be purchased. A restaurant could not stop or reduce food service and allow alcohol consumption to continue so effectively becoming a wine bar, unless this has been specifically set out in the operating schedule and general discretion. Descriptions like "casual dining experience" will only be accepted if there is complete transparency as to what this means at all times during licensable hours.

In determining applications for Premises Licences and Club Premises Certificates the Licensing Authority will have regard to the guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003 and any secondary legislation. It is important that applications for Premises Licences and Club Premises Certificates properly address the four licensing objectives.

To prove all statutory requirements have been met the Licensing Authority will request applicants to supply either by a paper copy or electronically

- Original or copy of the full page of the local paper in which the notification has been placed, clearly showing the public notice advert, the identity of the paper, the date and page number.
- A photograph or copy of the completed A4 Blue poster that is displayed at the premises.
- A digital photograph of the premises clearly showing the location(s) of the A4 Blue poster (ideally with a date and time stamp)

Variations (Minor and Full)

Both Premises Licences and Club Certificates may be varied under the Licensing Act 2003. Minor variations generally fall into four categories :-

1. Minor changes to the structural layout which do not include any of the following:-
 - Increase the capacity for drinking (increasing floor area for drinking etc.).
 - Affecting access or egress (blocking fire exits or escape routes).
 - Impeding or removing noise reduction measures at the premises (removing acoustic lobbies etc.).
2. Removal of a licensable activity or licence condition,
3. Addition of a volunteered condition or conditions.
4. Addition of a licensable activity where similar activities already exist.

The above is not an exhaustive list and licensing officers will bring their own experience and knowledge to bear when considering applications.

Note:-

Further explanations on the above can be found in the department of Culture Media and Sport Guidance (Current Edition) issued under section 182 of the Licensing Act 2003

A minor variation is a simplified process with a set statutory fee applicable to all premises and clubs. Decisions on a minor variation are delegated to licensing officers. In the case of a decision by a licensing officer being contested by a ward councillor that cannot be resolved the decision will be deferred to the licensing subcommittee.

There is no requirement to consult all Responsible Authorities on a Minor Variation application, however, licensing officers may consult with any party if there is any doubt about the impact of the variation on the licensing objectives and there is a need to obtain specialist advice.

Specific cases are identified as being excluded from the minor variation process they are:-

- To extend the period of a time limited licence
- To substantially vary the premises
- Specify a person as the Designated Premises Supervisor (DPS)
- Add the supply of alcohol to a licence

- To extend the licensing hours for the sale of alcohol for consumption on or off the premises between 11pm and 07.00am.
- To increase the amount of time on any day during which alcohol may be sold or supplied for consumption on or off the premises.
- Include a condition allowing the supply of alcohol by a 'Management Committee'

The Licensing Authority takes the view that the removal of seating or tables from premises which has the effect of increasing the floor area for vertical drinking is not suitable for the Minor variation procedure. Such applications should be made under the full variation

procedure. The Licensing authority will expect applicants to demonstrate how the removal of seating or tables will promote the Licensing Objectives

In all cases the overall test is whether the proposed variation could impact adversely on the licensing objectives if in any way it does or it does not fall within the scope of the four areas identified then a full variation will be required.

Fees & Charges

Licensing fees and charges are set by Government so they are the same across the Country. Details can be found on the Councils Website (www.bromley.gov.uk) and on the DCMS website (www.dcms.gov.uk).

Once granted a licence does not expire but the licence holder is required to pay an annual charge.

Failure to pay this will result in the Licensing Authority suspending the licence until such time that all outstanding fees are paid

Whilst the annual charge is being paid regularly the licence will remain in force even if the premises are not used for a licensable purpose.

Licence Conditions

General Conditions

Where Responsible Authorities or Other Persons do not raise any representations about an application, it is the duty of the Licensing Authority to grant the licence or certificate subject only to conditions that are consistent with the operating schedule and any mandatory conditions prescribed by the Act.

The Licensing Authority may not impose conditions unless its discretion has been engaged following the making of relevant representations and it has been satisfied at a hearing of the necessity to impose conditions. It may then impose conditions necessary to promote the licensing objectives arising out of the consideration of the representations. To minimise problems and the necessity for hearings, the Licensing Authority would encourage applicants to consult with the 'Responsible Authorities' when preparing their operating schedules

The Licensing Authority is keen to encourage a balanced, thriving and diverse night time economy within the Borough. To ensure fairness and clarity for all operators, licence conditions will seek to reflect and control the nature of operations based on what is stated in the application form and in the course of any hearing by a Licensing Sub Committee.

The Officers acting on behalf of the Licensing Authority as a 'Responsible Authority' will routinely exercise its discretion to make representations against any application where there is ambiguity or lack of information about what is being applied for.

For example an application for a restaurant will have conditions imposed restricting the sale of alcohol as being ancillary to a substantial meal at all times. Customers must have and continue to consume food if alcohol is to be purchased. A restaurant could not stop or reduce food service and allow alcohol consumption to continue so effectively becoming a wine bar, unless this has been specifically set out in the operating schedule and general description. Descriptions like "casual dining experience" will only be accepted if there is complete transparency as to what this means at all times during licensable hours.

Standard Conditions

The Licensing Authority recognises that it is important to balance any conditions attached to a licence or certificate so as not to be disproportionate or overly burdensome but to achieve the licensing objectives. Therefore, where conditions are necessary they will be tailored to the individual style and characteristics of the particular premises or event. Where appropriate, and necessary for the promotion of the licensing objectives, the Licensing Sub Committee will consider attaching conditions

Mandatory Conditions

The Act requires that certain conditions are applied to premises licenses and club premises certificates where they include:

- The retail sale and club supply of alcohol
- The provision of Door Supervisors
- The showing of films.

The Licensing Authority will apply such conditions as set out in Sections 19, 20 and 21 of the Act.

1. Supply of Alcohol:

(1) No supply of alcohol may be made at a time when no designated premises supervisor has been specified in the licence or at a time when the designated premises supervisor does not hold a personal licence or the personal licence has been suspended.

(2) Every sale of alcohol under the premises licence must be authorised by a personal licence holder.

2. Irresponsible Promotions:

(1) The responsible person must 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—

(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 in a manner which carries a significant risk of undermining a licensing objective;

(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 in a manner which carries a significant risk of undermining a licensing objective;

(d) 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;

(e) Dispensing alcohol directly by one person into the mouth of another (other than where that other person is unable to drink without assistance by reason of disability).

3. Free Potable Water:

The responsible person must ensure that free potable water is provided on request to customers where it is reasonably available.

4. Age Verification:

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

(2) The designated premises supervisor in relation to the premises licence must ensure that the supply of alcohol at the premises is carried on in accordance with the age verification policy.

(3) 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 either—

(a) a holographic mark, or

(b) an ultraviolet feature.

5. Minimum Measures:

(1) The responsible person must 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;

(b) these measures are displayed in a menu, price list or other printed material which is available to customers on the premises; and.

(c) Where a customer does not in relation to a sale of alcohol specify the quantity of alcohol to be sold, the customer is made aware that these measures are available.

6. Permitted Price:

(1) A relevant person shall ensure that no alcohol is sold or supplied for consumption on or off the premises for a price which is less than the permitted price.

(2) For the purposes of the condition set out in paragraph 1 -

(a) "duty" is to be construed in accordance with the Alcoholic Liquor Duties Act 1979

(b) "permitted price" is the price found by applying the formula -

$$P = D + (D \times V)$$

where -

(i) P is the permitted price,

(ii) D is the amount of duty chargeable in relation to the alcohol as if the duty were charged on the date of the sale or supply of the alcohol, and

(iii) V is the rate of value added tax chargeable in relation to the alcohol as if the value added tax were charged on the date of the sale or supply of the alcohol;

(c) "relevant person" means, in relation to premises in respect of which there is in force a premises licence -

(i) the holder of the premises licence,

(ii) the designated premises supervisor (if any) in respect of such a licence, or

(iii) the personal licence holder who makes or authorises a supply of alcohol under such a licence;

(d) "relevant person" means, 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 the member or officer to prevent the supply in question; and

(e) "value added tax" means value added tax charged in accordance with the Value Added Tax Act 1994

(3) Where the permitted price given by Paragraph (b) of paragraph 2 would (apart from this paragraph) not be a whole number of pennies, the price given by that sub-paragraph shall be taken to be the price actually given by that sub-paragraph rounded up to the nearest penny.

(4) (1) Sub-paragraph (2) applies where the permitted price given by Paragraph (b) of paragraph 2 on a day ("the first day") would be different from the permitted price on the next day ("the second day") as a result of a change to the rate of duty or value added tax.

(2) The permitted price which would apply on the first day applies to sales or supplies of alcohol which take place before the expiry of the period of 14 days beginning on the second day.

7. Films:

(1) The admission of children must be restricted in accordance with the recommendations laid down by the British Board of Film Classification.

OR

(2) In circumstances where the licensing authority has reclassified a film. Then access of children should be restricted to meet this reclassification standard.

Note: - "Children" means any person under 18 years of age.

8. Door Supervision:

(1) Any individual employed at the premises as a door supervisor must

(a) be authorised to carry out that activity by a licence granted under the Private Security Industry Act 2001; or

(b) be entitled to carry out that activity by virtue of section 4 of that Act.

Temporary Events Notices (TENs)

Anyone may give the Licensing Authority a Temporary Event Notice (TEN). This procedure allows people to hold an event involving licensable activities without having to apply for a Premises Licence or Club Premises Certificate. Temporary Event Notices may be obtained for:

- The sale of alcohol
- The provision of regulated entertainment
- The sale of hot food or drink between 11pm and 5am.

The Act provides a system by way of "temporary event notices" for the temporary carrying on of any licensable activity outside of the terms of a premises licence or club premises certificate. Under this system no authorisation as such is required from the licensing authority. Instead a person wishing to hold an event at which such activities are proposed to be carried on (the "premises user") gives notice to the licensing authority of the event.

There are two types of TENs. A standard TEN and a late TEN. All TENs must be given to the licensing authority in the form prescribed in regulations made under the 2003 Act, together with the relevant fee. When a TEN application is made in paper form, the applicant must serve a copy on the Police and the Councils Public Health Nuisance Team (see contact details in appendix B). If a TEN application is made Online the Council will send copies to the Police and Public Health Nuisance Team

A standard TEN must be given with at least 10 clear working days' before the event.

A late TENs (intended for use ONLY to assist premises users in situations that are outside of their control and not where applicant have simply forgotten to make an application) can be given no earlier than nine working days but still with a minimum of five clear working days' notice before the event. These legal timescales are not negotiable and no TEN will be processed if an application is made outside these times or the Police and Public Health Nuisance Team have not been correctly notified.

The 10 and 5 clear working days' notice periods exclude the day of the application and the day the event starts.

Only the Police or the Public Health Nuisance Team may make representations (on grounds relevant to any of the licensing objectives) leading to a Counter Notice being issued which will stop the event taking place. However, the Licensing Authority will refuse an application for a TEN if the notice given is incorrect or if the limits set out in the Act are exceeded.

The Council will accept all properly made TENs applications in keeping with the minimum notice period, however experience has shown that in a significant number of cases this does not provide adequate time for proper consideration to be given by the Police and Public Health Nuisance Team. We would therefore ask that applications for TENs be made at least 28 days before the planned event. This will prevent unnecessary representations being made by the Police or Public Health Nuisance Team.

Where there is any doubt that the applicant for a TEN has the agreement of the premises owner to use the premises the Council will require evidence of consent.

Many temporary events have the potential to give rise to concerns, particularly around health and safety or protection of children. For this reason applicants should understand that the licensing service may share information on temporary events taking place with other “responsible authorities”. This does not provide those responsible authorities with the opportunity to raise representations, but will allow any matter of concern to be followed up under other powers. This action does not, however, absolve any premises user from their own responsibility to ensure that any other necessary consent (including planning permission or temporary structures consent) is obtained or that their event does not give rise to any crime and disorder, public safety, nuisance or harm to children.

There are certain limitations to Temporary Event Notices:

- Maximum number of people attending must not exceed 499 at any time
- The event cannot last longer than 168 hours
- No premises can host more than 15 events in a calendar year
- The maximum number of days covered by Temporary Event Notices cannot exceed 21 days in a calendar year
- A personal licence holder can apply for up to 50 temporary events
- Any other person can apply for 5 temporary events
- A personal licence holder can apply for up to 10 late temporary events
- Any other person can apply for up to 2 late temporary events

Consultation

The statutory consultation process is applicable to all applications for new licenses and full variations allowing for representations to be made by various bodies and individuals. Responsibility for undertaking statutory consultation lies with the applicant for paper applications and in part with the Licensing Authority for electronic applications.

The Licensing Authority expects that the applicant to fully comply with the notification and statutory consultation requirements of both electronic and paper applications. A failure in any part of the consultation process will lead to an application being invalid and could delay the application process.

Special Note

In order to satisfy compliance with these requirements the Licensing Authority will require some additional information as explained in the application section above

Non Statutory Consultation

The Licensing Authority will undertake additional consultation with Ward Councillors in whose ward the applications arises and any neighbouring Ward Councillors or London Boroughs if the application is near a ward or borough boundary.

In the case of minor variation the Licensing Authority will exercise its discretion to consult with any of the responsible authorities where in their opinion there could be an impact on the licensing objectives

Making representations about an Application

Representations about an application must be made in writing to the Council's Licensing Team within the statutory time limits given.

Written representations include letters (posted or faxed) and emails. Representations received after the end of the public consultation period cannot legally be accepted.

Representations must contain

- the name, full address & post code, of the person making them.
- The reasons for their representation and
- Which of the 4 Licensing Objectives the representations relate to
 - Crime and disorder
 - Public Nuisance
 - Public safety
 - Protection of children from harm

Representations which do not meet this requirement may be rejected as being irrelevant or frivolous or vexatious.

All valid representations will form part of a committee report that will become a public document. It will be given to the applicant, his agent and any other party requesting a copy as well as the Licensing Sub-committee 10 days prior to the hearing. Whilst representations cannot be made to the Licensing Authority anonymously we will in all cases, remove the objectors name and house number and other personal details from individual representations.

Petitions

Petitions may be submitted (see note below) but are not as informative as individual correspondence and as such may be given less weight when considered by a Licensing Sub Committee.

Petitions will only be accepted if on each sheet it clearly shows

- the name and address of the application site ,
- the licensable activities and their hours
- Reasons for the representation and
- which of the 4 Licensing Objectives are relevant

Each petitioner must give their name, full address including post code,

Failure to comply with any of the above requirements could lead to the petition being rejected.

A suggested format for a petition sheet is available on the Bromley Website – www.bromley.gov.uk and is displayed in appendix D

When making a representation the Council asks that a contact phone number and email address are provided. These help the Council to quickly contact respondents if the details of the application are altered as a result of objections or the date of the hearing has to be changed at short notice.

Irrelevant, Vexatious and Frivolous Representations

The Licensing Authority follows the guidance of the Secretary of State concerning the judgments of representation as being irrelevant, vexatious and frivolous. A representation would be 'irrelevant' if it does not relate to the application or to the promotion of the licensing objectives in the context of the application. In considering whether or not a representation is 'vexatious or frivolous' the Licensing Authority must determine whether any ordinary and reasonable person would consider the matter to be vexatious or frivolous. Vexation may arise where, for example, there is a dispute between rival businesses. Frivolous representations would be categorised by a lack of seriousness. Such judgments should be objective and not based on political judgments and as such are best made by officers following enquiries as may be necessary. Where a representation is found to be irrelevant, vexatious or frivolous, the person making it will be informed and that representation will be disregarded.

Repeat Applications

The Licensing Authority will give particular attention to applications which have the effect of replicating to a large extent, the terms of a previous application(s) at the same premises / club which may have been refused or granted subject to conditions. Where representations are made, the Licensing Committee will consider each application on its merits including:

- The applicants' justification or explanation as to the change of circumstances warranting a different decision by the Committee
- The extent to which the terms of the new application overcome previous concerns
- The extent to which the new application (including the operating schedule and any suggested conditions) will promote the Licensing Objectives.

This policy does not apply to applications for:

- Changes to Designated Premises Supervisors
- Changes to the address of someone named on a licence
- Temporary Event Notices and is not designed to inhibit applications to make variations from 'time to time'.

Relevant Considerations under the Licensing Objectives

Crime and Disorder

Licensed premises, especially those offering late night/early morning entertainment, alcohol and refreshment, can be a source of crime and disorder. The Licensing Authority will expect operating schedules to satisfactorily address these issues from the design of the premises through to the daily operation of the business. Applicants are recommended to seek advice from the Police Licensing Officer and Licensing Authority Officers prior to making any application as early advice can alleviate representations being made once an application is

submitted. Full contact details for both are contained within the Responsible Authorities contact in appendix B.

Applicants should as appropriate take account of local planning and transport policies, and tourism, cultural and crime prevention strategies, when preparing their operating plans and schedules.

When addressing crime and disorder, the applicant should identify any particular issues that are likely to affect adversely the promotion of the crime and disorder objective. They should then include in the operating schedule how they will deal with those matters.

Operating schedules should then show how they will address the issues identified.

All premises

When compiling operating schedules applicants are advised to give consideration to:

- The setting of a safe capacity limit – While often necessary on public safety grounds, this is equally important in order to prevent overcrowding giving rise to risk of crime and disorder
- Use of crime prevention notices – For use in circumstances where it would be helpful to warn customers of prevalence of crime which may target them, for instance, to warn of pickpockets or bag snatchers
- Publicising details of the premises operation – Display details of the premises opening and closing times
- Installing CCTV – The presence of CCTV cameras can be an important means of deterring crime both inside and outside of the premises. It can also help to provide valuable evidence in the event that an incident does occur. CCTV should be maintained in good working order and used at all times with a 31 day library of recordings maintained at all times
- Removing low cost / high strength alcohol from offer – To help reduce street crime and violence and anti-social behaviour from public drunkenness
- Developing a drugs policy in conjunction with the police – Establish a clear written anti-drugs policy and publicise this to customers
- Preventing counterfeit products, such as alcohol, tobacco, DVDs, CDs and other goods from being offered for sale upon the premises

Premises providing alcohol for consumption on the premises

Applicants should give consideration to

- Exercising control over the removal of open drink containers – To prevent the use of containers as weapons in the street
- Using plastic containers and toughened glass – Consideration should be given to the use of safer alternatives to glass which would inflict less severe injuries if used as weapons. Note: That any glass alternatives used for measuring draft beer and cider must be lawful for trade use under weights and measures legislation.

- Introducing bottle bans – Decant drinks into glasses before being handed across a bar
- Providing seating for customers – sufficient to ensure that the majority of customers do not have to stand
- Ensuring good availability of soft drinks and food
- Employing an appropriate number of SIA registered door supervisors – Valuable for maintaining orderly behaviour in queues; searching and excluding those suspected of carrying offensive weapons, or illegal drugs; keeping out banned individuals; or controlling admissions and departures
- Making personal searches by door supervisors a condition of entry – Including the provision of signage and female SIA for personal searches conducted on female customers and performers
- Providing door supervisors with search wands / search arches – Maintained in good working order and used on all occasions
- Providing a drugs and weapons box – Kept under the direct control of premises management with all seized drugs and weapons to be handed over to the police in accordance with the police code of practice
- Installing ID scanning and recording equipment – Requiring all patrons to provide ID and agree to being recorded. Provide notices to this effect in conjunction
- Establishing a last admissions policy – For both admissions and readmissions. Publicise this at the premises
- Establishing a dispersals policy – Helping to reduce the potential for disturbance to local residents
- Co-operating with the police and council on venue hire agreements – Providing good notice (at least one month) of all internal and external promoters engaged at the premises. Also comply with requests from the police not to engage a specific promoter where this is recommended by the police for crime and disorder
- Avoiding certain performances and exhibitions – That no film be exhibited or performance given that is likely to stir up hatred or incite violence against any section of the public on grounds of colour, race or ethnic or national origin, disability religious beliefs, sexual orientation or gender

Designated premises supervisor / personal licence holders and authorisations for the retail sale of alcohol

This authority recognises that neither the Act nor the mandatory conditions outlined elsewhere in this policy require either a designated premises supervisor or any other personal licence holder to be present on the premises at all times when alcohol is sold or supplied. Nor does the fact that every sale or supply of alcohol must be made under the authority of a personal licence holder mean that only personal licence holders can make such sale or supply or that they must be personally present at every transaction.

However, this authority wishes to emphasise that the designated premises supervisor and the premises licence holder remain responsible for the premises at all times including compliance with the terms of the Licensing Act and conditions attached to the premises licence.

Therefore this authority considers it reasonable to expect that either the designated

premises supervisor or another personal licence holder will normally be present at all times that alcohol is either sold or supplied or that proper arrangements are in place for authorisation of staff in their absence and for their monitoring. This authority recognises that there may be occasions when it is not possible for the designated premises supervisor or another personal licence holder to be present but that this should not occur for any extended period and emphasises that there can be no abdication of responsibility in their absence.

This authority expects that authorisations for other staff to supply and sell alcohol made under the authority of the designated premises supervisor and any other personal licence holders are kept up to date (we suggest a 6 monthly review and re-signed by staff) and be in a form that can be inspected at any time by an authorised officer of the police or Licensing Authority.

Ultimately, it will be a matter for a court to determine on the evidence before whether or not an authorisation has been given within the meaning of the Act, but this authority notes the Secretary of State considers that the following factors should be relevant in considering whether there was real and effective scheme of authorisation:

- a) The person(s) authorised to sell alcohol at any particular premises should be clearly identified
- b) The authorisation should have specified the activities which may be carried out by the person being authorised
- c) There should be an overt act of authorisation, for example a specific written statement given to the individual(s) being authorised
- d) There should be in place sensible arrangements for the personal licence holder to monitor the activity that they have authorised on a reasonably regular basis

Crime Prevention

When making decisions about an application the Licensing Sub Committee will have regard to the Borough's Crime Prevention Strategy and any conditions attached to licences or certificates will so far as possible reflect local crime prevention strategies.

Dispersal

The Licensing Authority considers the orderly dispersal of customers from licensed premises to be an important factor in promoting the licensing objectives. In considering any application for the grant or variation of a licence serious consideration will be given to the dispersal arrangements from the premises and the effect that granting the licence might have on the dispersal arrangements of other licensed premises in the area. The Licensing Authority will pay particular attention to an application which may delay orderly dispersal or is likely to encourage people to remain in the vicinity.

Drugs

The Licensing Authority recognises that drug misuse is not something that is relevant to all licensed premises however it is committed to the reduction and eradication where possible of drugs from licensed premises as part of its role in promoting the Crime and Disorder licensing objective.

If relevant representations are received following an application for the grant or variation of a licence, special conditions may be imposed to support the prevention of the sale, supply and consumption of drugs. Advice on conditions will be sought from the Drug Action Team and / or the Police.

In premises where drugs misuse is problematic and where the Police or others apply for a 'Review' of the licence, the Licensing Authority will consider this as being very serious and will give appropriate consideration to the full range of options available including the suspension and revocation of the licence. The Licensing Authority recognises that each case is individual and will be decided on the facts and its specific merits.

Public Safety

The Licensing Act 2003 Act covers a wide range of premises and activities, including cinemas, concert halls, theatres, nightclubs, public houses, cafes/restaurants and fast food outlets/takeaways. Each of these type of premises presents a mixture of risks to public safety, with many common to most premises and others unique to specific operations. It is essential that premises are constructed or adapted and operated so as to acknowledge and safeguard occupants against these risks.

The Licensing Authority will expect operating schedules to satisfactorily address these issues and applicants are advised to seek advice from the Borough's Licensing Officers and the London Fire Brigade (contact details can be found in appendix B) before preparing their plans and schedules. Where an applicant identifies an issue relating to public safety (including fire safety) that is not covered by existing legislation, the applicant should identify in their operating schedule the steps that they will take to ensure public safety. Where representations are received and upheld at a hearing, the Licensing Authority will consider attaching conditions to licences and permissions to promote public safety.

Prevention of Nuisance

Licensing Sub Committees will be mindful that licensed premises, especially those operating late at night and in the early hours of the morning, can cause a range of nuisances impacting on people living, working or sleeping in the vicinity of the premises. When addressing public nuisance the applicant should identify any particular issues that are likely to adversely affect the promotion of the licensing objective to prevent public nuisance. They should then include in the operating schedule how they will deal with those matters. The concerns mainly relate to noise nuisance from within the premises or from the use of any outside areas, light pollution, smoke and noxious smells. Due regard will be given to the impact these may have and the Licensing Authority will expect operating schedules to satisfactorily address these issues.

Relevant issues might include

- Preventing noise and vibration escaping from the premises, including music, noise from plant and patrons
- Preventing disturbance by patrons arriving at, gathering outside, being admitted or re-admitted to or departing from the premises, particularly, but not exclusively between 11pm and 7am.
- Preventing vehicle queues forming outside of the premises, or where some form of queuing is necessary, the steps to prevent disturbance or obstruction
- Ensuring clear up operations conducted by staff do not cause a nuisance and that staff leave the premises quietly
- Addressing arrangements made for parking by patrons
- Considering whether there is sufficient public transport provision and where licensed taxis or private hire vehicles are likely and any arrangements made to prevent disturbance to local residents

- Controlling disturbance that may be caused by the use of gardens / terraces / external and other open-air areas including the highway, particularly in relation to smoking and the passage of patrons between internal and external areas
- Preventing nuisance from the positioning and operation of plant and machinery such as kitchen extraction systems, ventilation plant, condensers etc.
- Restricting delivery and collection times (waste, equipment and consumables) to between 8am and 8pm hours
- Limiting any nuisance or glare caused by the positioning of external lighting, including security lighting
- Preventing odour or pests from refuse storage and waste disposal and the accumulation of litter and smokers waste in the vicinity of the premises
- The need for regular patrols of the boundary of the premises and / or at the nearest residential to ensure nuisance impacts are not being experienced by neighbours

Management controls should be considered for

- The numbers of persons using any licensed external area at any one time
- The hours of operation of any licensed external area, requiring patrons to return to the premises at a specific time. In residential areas it is suggested that a closing time of 10pm is appropriate. Any music relayed into the external area should cease earlier
- The numbers of 'smokers' allowed outside of the premises at any one time
- The taking of drinks outside of the premises when patrons step outside to smoke. This can be assisted by providing a 'drinks safe' area for patrons who temporarily leave the premises
- Queues of patrons awaiting admission and how these are arranged
- The areas within which patrons may congregate outside of the premises, restricting them, for instance, to the curtilage or footprint of the premises
- The times within which live music and / or amplified sound may be played in any external area or marquees or relayed by external speakers (where permitted under the terms of the licence). It is suggested that this should not continue beyond 22.00
- The times within which barbecues or other cooking facilities may be provided within any external area
- Terminal hour for last admissions and readmissions to the premises
- The supervision of patrons using any external area so as to prevent nuisance and disturbance
- Arrangements made with local cab companies calling for customers, requiring that they call within the premises for their customers without sounding their horn in the street
- The reduction of music levels within the premises 30 minutes before closing so as to reduce levels of excitement among patrons upon leaving

- The display of notices at exit points asking patrons to ' please leave quietly' and be mindful of local neighbours when leaving the premises
- The supervision of patrons outside of the premises to ensure quick dispersal from the immediate area upon closing time
- The clearance of any litter created by the operation of the premises
- The hours during which external activities such as the handling and removal of waste or musical equipment or the delivery of goods. It is recommended this is prohibited between 8pm and 8am
- Restricting the use of artificial lighting outside of the premises so as to reduce the potential for light nuisance
- Applicants are advised to seek advice from the Council's Environmental Health Officers (contact details can be found in appendix B) before preparing their plans and operating schedules. Where representations are received and upheld at a hearing the Licensing Authority will consider attaching conditions to licences and permissions to prevent public nuisance.

Smoking and the Use of External Areas

In relation to smoking outside licensed premises, it is expected that:

- Suitable receptacles for customers will be provided and maintained to dispose of cigarette litter in areas used, or likely to be used, for smoking
- Licensees will take all reasonable steps to discourage smoking on the public highway close to residential premises, particularly after 10pm. This could include measures such as a ban on customers taking drinks outside on to the public highway, the use of door supervisors, or imposing a time after which readmissions to the premises will not be permitted
- Garden areas to be cleared at a reasonable time where not doing so could cause nuisance to neighbouring residents.

Where an application includes provision of a smoking shelter then the Licensing Authority expects the shelter to be situated as far as possible from neighbouring residential premises.

Protection of Children from Harm

Access to Licensed Premises

The wide range of premises that require licensing under the Act means that children can be expected to visit many of these, often on their own, for food and/or entertainment. Where no relevant representations are received and an applicant volunteer's prohibitions or restrictions in relation to the admission of children, those will become conditions attached to the licence.

Apart from the specific restrictions set out in the Licensing Act 2003 there is no presumption of permitting or refusing access to licensed premises. Each application and its circumstances will be considered on its own merits.

The Licensing Authority will only seek to limit the access of children to licensed premises where it is necessary for the prevention of physical, moral or psychological harm. The Licensing Authority will consult the Bromley Safeguarding Children Board on any application that indicates there may be concerns over access for children. The Licensing Authority will

judge the merits of each application before deciding whether to impose conditions limiting the access of children.

The following are examples of premises that will raise concern:

- Where entertainment or services of an adult or sexual nature are commonly provided
- Where there have been convictions of the current staff at the premises for serving alcohol to minors or with a reputation for underage drinking
- A known association with drug taking or drug dealing
- Where there is a strong element of gambling on the premises
- Where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the services provided at the premises.

Examples of entertainment or services of an adult or sexual nature include topless bar staff, striptease, lap, table or pole dancing, performances involving feigned violence or horrific incidents, feigned or actual sexual acts or fetishism, or entertainment involving strong or offensive language.

The Licensing Authority will consider any of the following options when dealing with a licence application where limiting the access of children is considered necessary to prevent harm to children:

- Limitations on the hours when children may be present
- Limitations on the presence of children under certain ages when particular specified activities are taking place
- Limitations on the parts of premises to which children might be given access
- Limitations on ages below 18
- Requirements for an accompanying adult
- Full exclusion of people under 18 from the premises when any licensable activities are taking place.

No conditions will be imposed requiring that children be admitted to any premises and, where no limitation is imposed, this will be left to the discretion of the individual licensee.

The Licensing Act 2003 details a number of offences designed to protect children and the Licensing Authority will work closely with the Police to ensure the appropriate enforcement of the law, especially relating to the sale and supply of alcohol to children. Bromley Trading Standards have an agreed protocol with the Police for enforcing age related sales of alcohol. This will continue to be applied.

The Service will also undertake monitoring and test purchasing for compliance with other age related sales and services applicable to the Licensing Act 2003. Consideration will also be given to initiatives which could assist in the control of alcohol sale to children e.g. Home Office campaigns.

The Licensing Authority is also fully supportive of and actively encourages recognised proof of age schemes and 'Challenge 25' polices in all licensed premises as a means of controlling under age sales.

Children and Cinemas

Films cover a vast range of subjects, some of which deal with adult themes and/or contain, for example, strong language, scenes of horror, violence or a sexual nature that may be considered unsuitable for children within certain age groups. Where an application for a Premises Licence or Club Premises Certificate includes the showing of films, the Licensing Authority will expect the operating schedule to include arrangements for restricting children from viewing age restricted films classified by the British Board of Film Classification or by the Licensing Authority itself. All Premises Licences and Club Premises Certificates granted for the exhibition of films will contain a condition restricting the admission of children either in accordance with the age classification by a film classification body under Section 4 of the

Video Recordings Act 1984 or the Licensing Authority's recommendation. It will be the Licensing Authority's policy to specify that the British Board of Film Classification will be stated on the licence as the film classification body where a film has such a classification, however, where there is no such classification or, under such other circumstances as the Licensing Authority sees fit, its own classification may be imposed.

Children and Entertainment

Many children go to see and/or take part in entertainment arranged especially for them, for example children's film shows, discos and dance or drama school productions, and additional arrangements are required to safeguard them while at the premises. Where an application for a Premises Licence or Club Premises Certificate includes the provision of entertainment for children or by children, the Licensing Authority will expect the operating schedule to include arrangements for protecting children. Where representations are made and upheld the Licensing Authority will make full use of Licensing Conditions to secure the protection of children from harm

The Licensing Authority will expect that where a significant number of unaccompanied children will be present during a public entertainment event, the licensee will ensure that an adequate number of adult staff is present to control the access, egress and safety in and around the premises. The number of staff required should be assessed by the licensee, taking into account the number of children to be present, the type of entertainment, the characteristics of the premises and any other relevant factor.

Anyone intending to provide staff for the supervision of activities to under 18's will be required to carry out enhanced disclosure and barring service checks on all persons involved servicing such activities. These checks should be entered into a register which should be kept on the premises at all times and made available to the police or authorised Council Officer on request. Staff shall only be appointed who have been subject to a check and are found to be suitable, if in doubt the applicant should liaise directly with the police.

The Council will specifically require the Operating Schedule to address issues relating to children and applicants are advised to contact Bromley Safeguarding Board directly to seek advice prior to submitting their application (See Appendix B for contact details).

Underage Sales

The Licensing Authority is committed to protecting children from harm and supports / encourages the programme of underage test purchases arranged by the Trading Standards Service and Police.

Where underage sales are found the Licensing Authority supports the use of warnings, fixed penalty notices, reviews and prosecution as a means of promoting the licensing objectives and enforcing the Licensing Act proportionately.

In keeping with the Secretary of States of Guidance and Bromley's own guidance for Members of Licensing sub committees hearing Reviews consideration will be given to the suspension or revocation of a licence bought in respect of under age

Areas identified for special consideration

Micro-Breweries and Micro Pubs

The Licensing authority has identified these type of premises for positive support within the borough.

Micro Pub is defined as:

a small free house which listens to its customers, mainly serves cask ales, promotes conversation, shuns all forms of electronic entertainment and dabbles in traditional pub snacks'

Micro Brewery is defined as:

a small, usually independent brewery that produces limited quantities of specialized beers, often sold for consumption on the premises

Licensing Hours

Sale of Alcohol for Consumption on the Premises

The Licensing Authority recognises that different licensing hours may be appropriate for the promotion of the licensing objectives in different areas and within any one area. This can avoid large numbers of people leaving premises at the same time, which in turn could reduce disorder and disturbance. It also recognises that there is the opportunity for significant detrimental impact on local residents where licensed premises operate late.

Where representations are received, the application will be referred to a Licensing Sub Committee in accordance with the scheme of delegation included in this Policy. When hearing an application the Sub Committee will seek assurances from the applicant that the Licensing Objectives will not be undermined by the grant of the application. Where the Sub Committee upholds representations it may apply licensing conditions and or place limits on the hours of operation.

The Sub Committee will pay particular attention to applications where the operating schedule indicates the sale of alcohol after 11pm Monday to Saturday and after 10.30pm Sunday.

Fixed trading hours within designated areas will not be set as this could lead to significant movements of people across boundaries (migration) at particular times seeking premises opening later, with the attendant concentration of disturbance and noise.

Staggered closing hours in designated area will not be set or predetermined however, the Sub Committee will consider every application on its own merits but consideration will also be given to its location and how it may affect the area with its activity, patrons and closing time. This may result in the imposition of staggered closing times to relieve or lessen existing or potential problems.

Sale of Alcohol for Consumption off the Premises—Shops, Stores and Supermarkets –

Where no objections are made to an application the Licensing Authority will licence shops, stores and supermarkets to sell alcohol for consumption off the premises at the times stated in the application. Where objections are made against the grant of a new licence, the Licensing Authority will consider restricting those hours where there are good reasons for doing so and this would promote the licensing objectives, for example, where shops, stores or supermarkets are known to be the focus of disorder and disturbance or where underage sales have occurred.

On an application to 'review' an existing licence where there is evidence that shops, stores and supermarkets are a focus or disturbance because youths congregate there and cause

nuisance and engage in antisocial behaviour, the Licensing Authority will consider restricting opening hours as a mechanism of combating such problems and promoting the licensing objectives.

Regulated Entertainment and Late Night Refreshment

Not all regulated entertainment will be associated with the sale of alcohol. There will be times when alcohol is not provided for many reasons or in other circumstances it would be unnecessary or illegal to have alcohol available, for example, events for children. In other circumstances regulated entertainment could finish earlier or later than the sale of alcohol. The provision of Late Night Refreshment covers the supply of hot food or hot drink to members of the public at any time between the hours of 11pm and 5am. This will include the traditional takeaway food premises but will also cover restaurants and mobile vehicles. In each case the hours being sought for regulated entertainment or late night refreshment should be set out in the application and operating schedule. Where objections are received the Licensing Sub Committee will consider the merits of each application in determining the hours of operation taking into account the licensing objectives.

Late Night Refreshment with Alcohol for consumption off the premises

The Licensing Authority is concerned about the potential for crime and disorder and public nuisance from premises that remain open late for the sale of late night refreshment and where alcohol is sold for consumption off the premises.

Where such applications are received the Licensing Authority will consider them very closely and will expect the applicant to satisfy them that the grant of the licence would have no detrimental impact on the promotion of the licensing objectives.

Garages and motorway service areas

Section 176 of the 2003 Act prohibits the sale or supply of alcohol at motorway service areas (MSAs) and from premises which are used primarily as a garage, or are part of premises used primarily as a garage. Premises are used primarily as a garage if they are used for one or more of the following:

- the retailing of petrol;
- the retailing of derv;
- the sale of motor vehicles; and
- the maintenance of motor vehicles.

It is for the licensing authority to decide, based on the licensing objectives, whether it is appropriate for that premises to be granted a licence, taking into account the documents and information listed in section 17(3) and (4) which must accompany the application.

Entertainment Involving Striptease or Nudity

The Council has adopted the provisions of Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982 as amended by section 27 of the Policing and Crime Act 2009. This legislation established a new extended licensing regime for sex establishments, covering sex shops, sex cinemas and sex entertainment venues.

Any person wishing to operate a lap dancing club or similar in the Bromley area will require to be licensed as a sex entertainments venue under a sex establishment's licence, obtained from this authority. Occasional use as a sex establishment are permitted without a licence, but are limited to no more than 12 per year, each of less than 24 hours duration and each at least one month apart.

The Licensing Authority will give particular consideration to the promotion of the four licensing objectives in cases where the application includes entertainment involving full or partial nudity or striptease or any other kind of sex-related entertainment.

The Licensing Authority's policy is that premises providing such entertainment may constitute a public nuisance if they are in or near residential areas. This is particularly the case if the premises are close to schools, community or youth facilities. Such premises may potentially generate particular crime and disorder, public nuisance and safety concerns within the community from lewd acts and disorder. It is the view of the Licensing Authority that where a valid representation is received, an application involving such entertainment will only be granted if it is satisfied, having regard to all the circumstances including the nature and extent of the activities, the location of the premises, and the conditions proposed by the applicant or which might properly be imposed by the authority, that the proposals are compatible with the promotion of the four licensing objectives. In particular, while each application will be considered on its own merits, such applications will not normally be granted where the premises are located:

- Near residential accommodation
- Near places of worship, community facilities or public buildings
- Near schools, youth clubs, shops, parks, leisure and recreational establishments and any other similar premises directed at, or primarily used by children or families
- Within sight of pedestrian routes or bus or railway stations serving the above.

It is expected that applicants will indicate in their operating schedules what measures they propose to have in place to ensure the good management of the premises. Conditions should be provided in the operating schedule prohibiting the participation of customers in the performance.

The Licensing Authority expects the following conditions to apply:

- The maintenance of a minimum distance of one metre between performer and customers during the performance
- The provision of CCTV and the maintenance of a library of recordings
- A code of conduct for dancers shall be in place including appropriate disciplinary procedures for failure to comply with the code
- Rules of conduct for customers shall be in place, including appropriate procedures for breach of these rules
- The provision of Security Industry Authority registered supervisors and security staff.
- Procedures to ensure that all staff employed in the premises have pre-employment checks including suitable proof of identity, age and (where required) permission to work
- There will be no advertisements for striptease / nudity displayed on the outside of the premises,
- When striptease / nudity is being provided on the premises notices will be displayed on the premises stating 'Only people over 18 will be allowed on the premises'
- The striptease / nude entertainment will not be able to be viewed from the street.

Applicants must also note that as part of the process of ensuring that applications that include entertainment entailing nudity or striptease receive proper consideration, the application form and all public notices in respect of such applications must clearly state the details of the

proposed entertainment. The nature of the proposed entertainment will be clearly stated in the consultation letter sent by the Licensing Authority to Ward Councillors.

Personal Licences

To sell alcohol in licensed premises at least one person needs to hold a 'Personal Licence' which has been granted by the Licensing Authority where they live. This requirement does not apply to 'qualifying clubs'.

Holders of a 'Personal Licence' must hold a recognised licensing qualification, details of the current list of approved training qualifications and providers can be found on the Gov.uk website, be over 18 years of age and not have certain types of criminal conviction. Proof of a licensing qualification together with endorsed photographs of the holder is needed as part of an application for a Personal Licence.

In some premises there may be more than one person holding a 'Personal Licence' and it is important that one person is named as being in control, this person is called the 'Designated Premises Supervisor'. The name of the 'Designated Premises Supervisor' will be stated on every Premises Licence granted by the Licensing Authority.

There is one exemption from the need for a personal licence holder and "Designated Premise Supervisor" in line with the mandatory requirements of the Licensing Act 2003 section 19(2) and 19(3). That is in the case where a community premises (church and village halls etc.) has applied for and been granted an application to disapply these mandatory conditions.

Note:-

Further information on this can be found in the Department of Media Culture and Sports guidance issued under section 182 of the Licensing Act 2003.

In determining applications for personal licences the Licensing Authority will have regard to the guidelines issued by the Secretary of State under section 182 of the Licensing Act 2003 and any secondary legislation. The promotion of the four licensing objectives applies to the consideration of applications for personal licences equally as it does to applications for premises licences.

Criminal Records

The Licensing Authority will require applicants for personal licences to produce a certificate detailing any current criminal convictions (this must be of an approved type and must have been issued less than one calendar month prior to the application, details of the approved type of certificate can be found on the www.gov.uk website)

Applicants for Personal Licences are requested to send a copy of their application form and certificate of current criminal record to the Metropolitan Police (For address see appendix B). All applicants will also be required to make a clear statement as to whether or not they have been convicted outside England and Wales of any relevant offences or foreign equivalents. When considering applications for personal licences the Licensing Authority will have due regard to any previous unspent convictions for relevant offences.

Where unspent convictions for relevant offences exist the Licensing Authority will liaise closely with the Police. Where Police object to the grant of a personal licence on the grounds of previous criminal records, the applicant will be given the opportunity to have his or her application heard by the Licensing Sub Committee as soon as possible. Under the Human

Rights Act 1998 each applicant has the right to a fair hearing and the Licensing Authority will judge each application individually

Integrating Strategies and Avoiding Duplication

Many people and organisations are involved with, or affected by, the ways in which licensed premises are operated. Most are involved, directly or indirectly, in the promotion of the licensing objectives, particularly those relating to the prevention of crime and disorder and public nuisance. Amongst the various stakeholders there will be a wide range of strategies that relate to, or are influenced by, the exercise of the Council's licensing function.

The Licensing Authority recognises the need to avoid, so far as possible, duplication with other regulatory regimes. Some regulations, however, do not cover the unique circumstances of some entertainment. The Licensing Authority will consider attaching conditions to Premises Licences and Club Premises Certificates where these are necessary for the promotion of the licensing objectives and are not already provided for in any other legislation, and are not contained within the applicant's operating schedule.

Planning and Building Control

There should be a clear separation of the planning and building control functions and the licensing regimes. Licensing applications should not be a re-run of the planning application process. The Licensing Authority **will not grant** an application for a new Premises Licence or Club Premises Certificate unless it is satisfied that all relevant planning permissions are in place where necessary.

This condition will not apply to an application for a provisional statement under section 29 of the Licensing Act 2003. When considering representations to the granting of a new Premises Licence or Club Premises Certificate or a variation of an existing licence or certificate, which is not subject to any planning conditions, the Licensing Sub Committee may request information as to any planning conditions attached to similar premises in the locality. The Sub Committee may consider the reason for the implication of such conditions and consider those in relation to the application being determined.

Alcohol and Public Health

Introduction

Alcohol plays a significant part in the social lives of many people and while the majority of people are able to enjoy a few drinks without suffering long term health problems, it remains a concern that over a quarter (63,029) of the Bromley population over 16 are drinking above the levels recommended by the Department of Health.

A large number of people do not know how much they drink. Weekly sales of alcohol are twice as much as the population estimate they drink. This suggests we underestimate what we drink by a huge 50%. There is a need to develop an approach in Bromley which gives people the tools to understand and reduce their alcohol consumption.

The Annual Public Health Report 2014 and the Alcohol Needs Assessment 2014 have presented a strong evidence base for more development in approaches to designing prevention services to address problem drinking and promoting safe, sensible drinking as the social norm in Bromley.

What are the dangers of drinking too much alcohol?

Alcohol related harms are broad ranging and can be associated with even moderate levels of drinking. Health-related problems include: hypertension, cardiovascular disease, cancer, liver disease, mental illness, accidents in the home and on the road, violence and premature death.

In most cases the relationship between alcohol and health is simple: the more you drink the greater the risk of harm. But harm is not limited to health. Alcohol misuse and dependency can affect work productivity, resulting in poor performance, disciplinary procedures and eventually dismissal, which in turn can result in financial difficulties for the individual and their family. It invariably affects relationships, creating barriers between the drinker and their partner and children, and sometimes verbal and physical abuse.

Children and young people can do little to protect themselves from the effects of parental drinking and can suffer emotional distress, neglect or physical injury. Nationally, in around half of all violent crimes, victims believed their attackers had been drinking. Alcohol is also a common feature of domestic and sexual violence. High levels of alcohol consumption are associated with increased risk taking generally, and particularly among young people, including unsafe sex and drink driving.

Alcohol Consumption in Bromley

Obtaining reliable information about drinking behaviour is difficult, and social surveys consistently record lower levels of consumption than would be expected from the data on alcohol sales. However, a range of data sources which are available locally were extracted and analysed to understand patterns and trends in alcohol consumption in the Bromley population.

An estimated 73.6% of all drinkers over sixteen in Bromley are in the lower risk category and drinking within the recommended levels, compared to 73.4% for London. There are 19.5% of drinkers at increasing risk, and a further 6.9% at higher risk, which was similar to the London average.

Age-specific alcohol consumption has been estimated for adults aged 16-74 years old in Bromley using a nationally developed model. The North West Public Health Observatory used data from the general household survey to estimate the levels at which people are drinking. This report for Bromley demonstrated that:

- More men are drinking at hazardous and harmful levels than women at every age.
- The proportion of men drinking at harmful levels between the ages of 16 and 75 years is three to four times that for women.
- When the proportions are applied to Bromley, there are 22,164 men and 7,771 women who could be consuming 40g (5 units) of alcohol or more per day. That is around 30,000 people drinking alcohol at harmful or hazardous levels in Bromley. With the exception of those who do not drink all the other groups are at increasing risk of alcohol related harm. The risk increases with increasing levels of consumption. The majority of the Bromley population drink at the lower levels of risk.
- Most young people in Bromley are drinking alcohol at low levels but some young people are drinking at hazardous and harmful levels.
- Alcohol-specific hospital admission rates for the under 18 age group in Bromley have been gradually increasing.
- The mortality rate from alcohol related causes in Bromley has risen for women whilst remaining level for men.

Because the reasons that people drink are varied, a combination of interventions are needed to reduce alcohol related harm, at both population and individual levels.

Global and National Policies exist to reduce alcohol related harm, including Department of Health Guidance, NICE Guidance and a government strategy on Alcohol.

Population level approaches

Population approaches are important because they can help reduce the aggregate level of alcohol consumed and therefore lower the whole population's risk of alcohol related harm.

Population approaches can help by creating an environment that supports lower risk drinking. *Examples of population approaches* include those that seek to control the availability of alcohol through pricing, licensing controls, and preventing under age sales.

International evidence suggests that making it less easy to buy alcohol, (by reducing the number of outlets selling it in a given area and the days and hours when it can be sold), is an effective way of reducing alcohol related harm. The research base also supports the use of local crime and related trauma data to map the extent of alcohol related problems before developing or reviewing a licensing policy. If an area is saturated with licensed premises, and the evidence suggests that additional premises may affect the licensing objectives, then adoption of a cumulative impact policy should be used and, if necessary, the number of new licensed premises in a given area should be limited.

In addition, effective interventions on preventing under age sales, sales to people who are intoxicated or proxy sales (that is, illegal purchases for someone who is under-age or intoxicated) have been effective in reducing harm, in particular to young people. Ensuring that action is taken against premises that regularly sell alcohol to people who are under age, intoxicated or making illegal purchases for others is important in reducing harm. NICE and other studies support undertaking test purchases (using mystery shoppers) to ensure compliance with the law on under age sales.

What are the tools that assist people in understanding when they are drinking too much and what they can do to cut down?

- NHS professionals should routinely carry out screening of alcohol use and non-NHS professionals should focus on groups that may be at an increased risk and who have alcohol related problems.
- Once screening has been carried out and harmful or hazardous drinking has been identified people should be offered a session of structured brief advice on alcohol.
- All professionals with a safeguarding responsibility for children and young people should use their professional judgement to routinely assess children they think are drinking alcohol.
- School based interventions on alcohol, are also recommended for children who drink alcohol in order to reduce harm and prevent setting a harmful drinking pattern for life. Supporting people in understanding how much alcohol they are drinking is key to promoting sensible drinking as the social norm.

References

Bromley Annual Public Health Report (2014) Alcohol? Bromley Public Health Department

Bromley Alcohol Needs Assessment (2014) Bromley Public Health Department

ONS, Alcohol statistics for England, 2013.

NICE guidelines (PH24) Alcohol-use Disorders: preventing harmful drinking (2010)

Public Health England, Local Alcohol Profiles for England, Bromley Figures, 2014.

In NICE guidance⁵, 'increasing risk' equates with 'hazardous drinking' and 'higher risk' equates with 'harmful drinking'.

Binge drinking

The definition of binge drinking used by the NHS and the Office for National Statistics (ONS) is drinking more than double the lower risk guidelines for alcohol in one session. Binge drinking for men, therefore, is drinking more than 8 units of alcohol – or about three pints of strong beer. For women, it's drinking more than 6 units of alcohol, equivalent to two large glasses of wine.⁶

Dependence

Drinkers can also be classified by their addiction to alcohol, known as dependence. Alcohol dependence is characterised by craving, tolerance, a preoccupation with alcohol and continued drinking despite harmful consequences (for example, liver disease or depression caused by drinking). Someone who is alcohol-dependent may persist in drinking, despite harmful consequences. They will also give alcohol a higher priority than other activities and obligations.

Mild dependence:

May crave an alcoholic drink when it is not available or find it difficult to stop drinking.

Moderate dependence:

Likely to have increased tolerance of alcohol, suffer withdrawal symptoms, and have lost some degree of control over their drinking.

Severe dependence:

May have withdrawal fits (delirium tremens: e.g. confusion or hallucinations usually starting between two or three days after the last drink); may drink to escape from or avoid these symptoms.

RISK			Men	Women
1	Lower risk This level of drinking means that in most circumstances you have a low risk of causing yourself future harm.	Sensible drinking Drinking within the recommended limits.	No more than 3-4 units a day on a regular* basis.	No more than 2-3 units a day on a regular* basis.
2	Increasing risk Drinking at a level that increases the risk of damaging your health and could lead to serious medical conditions.	Hazardous drinking A pattern of alcohol consumption that increases risk of harm.	More than 3-4 units a day on a regular* basis.	More than 2-3 units a day on a regular* basis.
3	Higher risk This level of drinking has the greatest risk of health problems.	Harmful drinking A pattern of alcohol consumption that is causing mental and physical damage.	More than 50 units per week (or more than 8 units per day) on a regular* basis.	More than 35 units per week (or more than 6 units per day) on a regular* basis.

Cultural Strategy

The Licensing Authority wishes to encourage the provision of a culturally diverse range of regulated entertainment within the Borough, particularly live music and dance,. Where there is evidence that the licensing policy is deterring this, the Licensing Committee will review this policy with a view to improving the situation.

Racial Equality

The Licensing Authority recognises its responsibilities under the Race Relations Act 1976 (as amended) to have regard to the need to eliminate unlawful discrimination and to promote equality of opportunity and good relations between different racial groups and will seek to satisfy this in effecting this Policy Statement.

People with Disabilities

The Licensing Authority seeks to encourage people with disabilities to partake in the provision and use of licensed premises and activities. Premises Licence holders and Clubs are reminded of the duties imposed by the Disability Discrimination Act 1995, which requires that any person providing a service to the public must make reasonable adjustments to enable disabled people to access the service. It is the policy of Government that facilities for people and performers with disabilities should be provided at places of entertainment and they encourage premises Licence Holders and Club Premises Certificate holders to provide facilities enabling their admission. In support of these aims the Licensing Authority will not attach conditions to a licence or certificate that conflict with or duplicates these requirements. Access to buildings and their facilities is also a matter addressed in building regulations and planned alterations affecting access may involve the need to apply for building regulation approval.

The Equality Act 2010 has introduced protection from three new forms of disability discrimination:

- direct discrimination because of disability in relation to goods, facilities and services
- indirect disability discrimination, and
- discrimination arising from disability.

Businesses also have an obligation to make reasonable adjustments to help disabled individuals access their goods, facilities and services.

It is important that appropriate steps are taken to ensure legislative requirements in respect of health and safety are fully met, including in respect of all disabled people (including staff and performers). However, licensing authorities and other responsible authorities should avoid imposing inappropriate conditions which may actively deter operators from admitting or employing disabled people.

CENSORSHIP

THE PERFORMANCE OF PLAYS

The Licensing Authority will not attach conditions to a premises licence or club premises certificate which attempts to censor or modify the content of plays in anyway

FILMS

In general, other than in the context of film classification for film exhibitions, the licensing authority will not use their powers under the 2003 Act to seek to impose conditions which censor the content of any form of regulated entertainment.

This is not a proper function of licensing law and cannot be properly related to the licensing objectives. The content of regulated entertainment is a matter which is addressed by existing laws governing indecency and obscenity. Where the concern is about protecting children, their access should be restricted where appropriate, but no other limitation should normally be imposed.

Enforcement

Once licensed, it is essential that premises are maintained and operated so as to ensure the continued promotion of the licensing objectives and compliance with the specific requirements of the 2003 Act. We will support businesses to comply with the law but view offences and breaches of licence conditions seriously.

The Licensing Authority will make arrangements to monitor premises and take appropriate enforcement action to ensure this. The Licensing Authority will work closely with the Police to establish protocols to ensure an efficient deployment of Police and Licensing Officers engaged in enforcing licensing law and inspecting licensed premises, in order to ensure that High-risk premises receive the highest priority.

The enforcement action will be:

- Targeted toward those premises presenting the highest risk
- Proportional, to the nature and seriousness of the risk those premises present
- Consistent, so that we take similar approaches in similar situations
- Transparent, so those who are subject to enforcement action know what to expect
- Accountable, so that we take responsibility for our actions.

The Licensing Authority has instructed its officers to adopt a zero tolerance approach to offences and breaches of licence conditions. In practice this means that licensing officers will investigate significant complaints alleging breaches of the Act or licence conditions and act on all sources of reliable intelligence (including local residents and businesses) with a view to establishing if offences have been committed.

Such matters may include:

- Unauthorised licensable activities or breach of licence conditions
- Allowing disorderly conduct on licensed premises
- Sale of alcohol to children and the consumption of alcohol by children
- Sale of alcohol to a person who is drunk

Where licensing officers have such evidence they have a range of enforcement options including:

- Offering advice /guidance (verbal or written)
- Informal written warnings
- Formal cautions
- Prosecutions
- Review of Premises Licences where there are problems associated with crime and disorder, public safety, public nuisance or the protection of children from harm
- Closure of premises that are experiencing or are likely to experience crime and disorder or public nuisance.

The Licensing Authority encourages a graduated approach to enforcement as set out in the Environmental Health & Trading Standards generic enforcement policy however in the cases of offences relating to :-

1. The deliberate and persistent provision of unlicensed activities especially the sale of alcohol
2. The breach of licensing conditions resulting in substantial risk to the promotion of the licensing objectives(crime and disorder, public safety, public nuisance or protection of children from harm)
3. Persistent underage sales
4. The use of licensed premises in connection with organised criminal activity
5. Allowing disorderly conduct on licensed premises
6. Delivering alcohol to children
7. Allowing the sale of alcohol to children
8. Sending a child to obtain alcohol

It is the expectation that formal action (including Fixed Penalty Notices, Formal Cautions, Use of closure Notices, Reviews and / or Prosecution) will be the preferred approach.

Where Members of the Licensing Sub-committee are required to hear an application to 'Review' a licence they will be guided by the decision of the High Court in *Bassetlaw District Council v Worksop Magistrates Court* 2008 EWHC 3530 (Admin), that deterrence is an appropriate consideration when dealing with Reviews where that has been activity in connection with criminal activity.

Appeals against Licensing Sub Committee decisions

Following the determination of an application by a Licensing Sub Committee the applicant or any objector has the right to appeal against the decision to Bromley Magistrates Court within 21 days.

Where the appeal is brought by an applicant it will be the Licensing Authority's usual policy to defend the Sub Committee's decision. This is because the applicant is asking the Court to grant more than the Council deemed appropriate for the promotion of the licensing objectives.

Where an appeal is lodged by an objector following a Sub Committee hearing, the Licensing Authority will always be a "respondent" along with the licence holder. In such cases the Licensing Authority may choose not to be legally represented at the hearing of the appeal at the Magistrates Court. The licence holder as co-respondent may appoint legal representation. A licensing officer will attend court to assist the licence holder and court.

The reason for this is that if an objector's appeal were to be upheld by the Court it would not prejudice the Licensing Authority's decision as to what was appropriate for the promotion of the licensing objectives. It also retains the licence holders right to defend the Licensing Authority's original decision.

The Court makes a charge to lodge an appeal (currently £400) but the appellant may be liable to pay the legal costs of the respondent if the appeal is unsuccessful.(Further details can be obtained from Bromley Magistrates Court See appendix F for contact details).

Where an appeal to the Magistrates Court is not brought by an objector following a Licensing Sub Committee decision and problems relating to the promotion of the Licensing Objectives do subsequently arise residents can seek a formal Review of the licence. Anyone wish to consider this is advised to contact the Licensing Team for further advice. (See Appendix C for contact details).

Administration, Exercise and Delegation of Functions

The Licensing Authority will be involved in a wide range of licensing decisions and functions and has established a General Purposes and Licensing Committee to administer them. Appreciating the need to provide a speedy, efficient and cost-effective service to all parties involved in the licensing process, the Committee has delegated certain decisions and functions and has established a number of Sub Committees to deal with them. Many of the decisions and functions are purely administrative in nature and the grant of non-contentious applications (including for example, those licences and certificates where no representations have been made) has been delegated to Licensing Authority Officers. The table overleaf sets out the agreed delegation of decisions and functions to the General Purposes and Licensing Committee, Sub Committees and officers. This form of delegation is without prejudice to officers referring an application to a Sub Committee, if considered appropriate in the circumstances of any particular case. The Licensing Authority's General Purposes and Licensing Committee have approved its own rules relating to the conduct of hearings by the Licensing Subcommittees under Licensing Act 2003 sec 9(3). A copy is available on request.

Delegation of Functions I

Table: Recommended Delegation of Functions

Matters to be dealt with	Sub Committee	Officers
Application for personal licence	If a police objection	If no objection made
Application for personal licence with unspent convictions	All cases	
Application for premises licence/club premises certificate	If a relevant representation made	If no relevant representation made
Application for provisional statement	If a relevant representation made	If no relevant representation made
Application to vary premises licence/club premises certificate	If a relevant representation made	If no relevant representation made
Application to vary designated premises supervisor	If a police objection	All other cases
Request to be removed as designated premises supervisor		All cases
Application for transfer of premises licence	If a police objection	All other cases
Applications for interim authorities	If a police objection	All other cases
Application to review premises licence/club premises certificate	All cases	
Decision on whether a complaint is irrelevant frivolous vexatious etc.		All cases
Decision to object when local authority is a consultee and not the relevant authority considering the application	All cases	
Determination of an objection to a temporary event notice	All cases	
Determination of application to vary premises licence at community premises to include alternative licence condition	If a police objection	All other cases
Decision whether to consult other responsible authorities on minor variation application		All cases
Determination of minor variation application		All cases

The Role of Ward Councillors

Ward councillors play an important role in the local community. They can make representations in writing and speak at the hearing on behalf of an interested party such as a local resident or local business if specifically requested to do so. They can also make representations as an interested party in their own right

For example, ward councillors may apply for a review of a licence if problems at a specific premise which justify intervention are brought to their attention.

Ward Councillors are informed of all new applications and any application to vary a licence in their ward. Individual Councillors may publicise an application locally in addition to the statutory publication carried out by the applicant

Local residents and businesses may wish to contact their local ward Councillors in respect of a licence application. Details on how to contact Ward Councillors may be obtained from the Council's Website or by telephoning 0300 303 8672.

If a local resident or business makes a representation about an application it is often helpful to send a copy to the local Councillors. This helps them to gain an understanding of local feelings.

Ward Councillors may attend hearings of licensing Sub Committees considering applications and speak on behalf of local residents and businesses, but only if

- They have made a personal representation
- They have made a representation on behalf of local residents or businesses as 'community advocates'
- They have been nominated by (an objector) who cannot attend the hearing or prefers to be represented at the hearing.

Appendix A

Definitions

In this Policy certain words or terms are used which has a specific meaning in the Licensing Act 2003. The following definitions are provided to help you understand them.

For full details see section 190 to 194 and Schedule 1 and 2 of the Licensing Act 2003 which is available free at www.opsi.gov.uk

A premises licence authorises the use of any premises for licensable activities. Licensable activities are defined in section 1 of the 2003 Act, and a fuller description of certain activities is set out in Schedules 1 and 2 to the 2003 Act.

Licensable Activities

- The sale by retail of alcohol
- The supply of alcohol by clubs
- The provision of regulated entertainment
- The provision of late night refreshment.

Regulated entertainment

Schedule 1 to the 2003 Act sets out what activities are to be treated as the provision of regulated entertainment and those that are not and are therefore exempt from the regulated entertainment aspects of the licensing regime, including incidental music – (Chapter 15 of the current Home Office Guidance) sets out the types of entertainment regulated by the 2003 Act.

Types of regulated entertainment

Schedule 1 to the 2003 Act sets out what activities are regarded as the provision of regulated entertainment and when they are licensable and those activities which are not and therefore exempt from the regulated entertainment regime.

The descriptions of entertainment activities licensable under the 2003 Act are:

- a performance of a play (see note 1);
- an exhibition of a film;
- an indoor sporting event (see note 2)
- a boxing or wrestling entertainment
- a performance of live music; (see note 1);
 - any playing of recorded music;
 - a performance of dance; and
 - entertainment of a similar description to a performance of live music, any playing of recorded music or a performance of dance.

To be licensable, one or more of these activities needs to be provided for the purpose (at least partly) of entertaining an audience; has to be held on premises made available for the purpose of enabling that activity; and must also either take place in the presence of a public audience, or where that activity takes place in private, be the subject of a charge made with a view to profit.

Note 1 Exempt from licencing if it takes place between 8am and 11pm in premises licenced for the sale of alcohol and for less than 500 people. Unamplified music is exempt between 8am and 11pm in any place.

Note 2 Exempt from licencing if it takes place between 8am and 11pm and for less than 1000 people.

Authorised persons

The first group –“authorised persons”– are bodies empowered by the 2003 Act to carry out inspection and enforcement roles. The police are not included because they are separately empowered by the 2003 Act to carry out their duties.

For all premises, the authorised persons include:

- officers of the licensing authority;
- fire inspectors;
- inspectors with responsibility in the licensing authority's area for the enforcement of the Health and Safety at Work etc. Act 1974 etc.; and
- officers of the local authority exercising environmental health functions.

Local authority officers will most commonly have responsibility for the enforcement of health and safety legislation, but the Health and Safety Executive is responsible for certain premises. In relation to vessels, authorised persons also include an inspector or a surveyor of ships appointed under section 256 of the Merchant Shipping Act 1995. These would normally be officers acting on behalf of the Maritime and Coastguard Agency. The Secretary of State may prescribe other authorised persons by means of regulations, but has not currently prescribed any additional bodies. If any are prescribed, details will be made available on the GOV.UK website.

Responsible Authorities

For all premises, responsible authorities include:

- the relevant licensing authority and any other licensing authority in whose area part of the premises is situated;
- the chief officer of police;
- the local fire and rescue authority;

- the relevant enforcing authority under the Health and Safety at Work etc. Act 1974;
- the local authority with responsibility for environmental health;
- the local planning authority;
- a body that represents those who are responsible for, or interested in, matters relating to the protection of children from harm;
- each local authority's Director of Public Health (DPH) in England³ and Local Health Boards (in Wales); and
- the local weights and measures authority (trading standards).
- The licensing authority

Other persons

As well as responsible authorities, any other person can play a role in a number of licensing processes under the 2003 Act. This includes any individual, body or business entitled to make representations to licensing authorities in relation to applications for the grant, variation, minor variation or review of premises licences and club premises certificates, regardless of their geographic proximity to the premises. In addition, these persons may themselves seek a review of a premises licence. Any representations made by these persons must be 'relevant', in that the representation relates to one or more of the licensing objectives. It must also not be considered by the licensing authority to be frivolous or vexatious. In the case of applications for reviews, there is an additional requirement that the grounds for the review should not be considered by the licensing authority to be repetitious

Risky drinking behaviours

There are many terms currently in use for classifying different types of drinking behaviour. The main terms are used to classify drinking either in terms of the risk of harm, or the pattern of consumption. There is a further categorisation of people who drink at hazardous levels and have become dependent on alcohol.

The WHO⁴ and NICE refer to sensible, hazardous and harmful levels of drinking.

Sensible drinking:

Those who are drinking within the recommended limits

Hazardous drinking:

A pattern of alcohol consumption that increases someone's risk of harm. Some would limit this definition to the physical or mental health consequences (as in harmful use). Others would include the social consequences.

Harmful drinking

A pattern of alcohol consumption that is causing mental or physical damage.

The Department of Health has recently introduced the terms 'lower risk', 'increasing risk' and 'higher risk' based on units of alcohol. This classification complements the medically defined terms hazardous and harmful.

Lower-risk drinking:

Regularly consuming 21 units per week or less (adult men) or 14 units per week or less (adult women). It is also known as 'sensible' or 'responsible' drinking.

Increasing-risk drinking:

Regularly consuming between 21 and 50 units per week (adult men) or between 14 and 35 units per week (adult women).

Higher-risk drinking:

Regularly consuming over 50 alcohol units per week (adult men) or over 35 units per week (adult women).

Appendix B

Responsible Authorities Contact List

Licensing Act 2003

Who do I have to send a copy of an application to?

When you make an application for a licence you have to send copies of your application to various people and organisations. This list gives you the names and addresses of those people.

At the Council

The Licensing Team	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	licensing@bromley.gov.uk 020 8313 4218 020 8461 7956/7546
Public Health Complaints Team	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	ehs.customer@bromley.gov.uk 020 8313 4800
Health and Safety Team (unless the premises are visited by HSE, see below)	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	health.safety@bromley.gov.uk 020 8313 4800
Chief Inspector of Weights and Measures	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	trading.standards@bromley.gov.uk 020 8313 4800
Planning Department	Planning Enforcement North Block, Civic Centre, Stockwell Close, BR1 3UH	planning@bromley.gov.uk

Bromley Safeguarding Children Board	Room B40A St. Blaise, Civic Centre, Stockwell Close, BR1 3UH	bscb@bromley.gov.uk 020 8461 7816
Public Health	The Director of Public Health Bromley Civic Centre, Stockwell Bldg, Stockwell Close, Bromley Kent BR1 3UH	

Others

Metropolitan Police	Metropolitan Police Service Bromley Borough Police Station, High Street, BR1 1ER	licensing.py@met.police.uk 020 8284 9988
London Fire Brigade	Documents Management 169 Union Street London SE1 0LL	FSR-AdminSupport@london-fire.gov.uk Telephone: 020 8555 1200 Ext. 37630
HSE Only if the premises are visited by the HSE and not the Council	HSE Rose Court 2 Southwark Bridge London, SE1	licensing.applications@hse.gsi.gov.uk

In any case such certificate or search results shall be issued no earlier than one calendar month before the giving of the application to the relevant licensing authority.

Appendix C

Declaration of Bromley and Beckenham Town Centres as being subject to a Special Policy of Cumulative Impact

On the 29 November 2004 the Licensing Authority considered a recommendation from the General Purposes and Licensing Committee (Report refES04313) that Bromley Town Centre as defined in the attached map ref BTC 83 should be subject to a Special Policy of Cumulative Impact. On the 21 February 2007 the Licensing Authority considered a recommendation from the General Purposes and Licensing committee (Report refACS07005) that Beckenham Town Centre as defined in the attached map ref Acs 07005 should be subject to a Special Policy of Cumulative Impact. The Licensing Authority is satisfied that within both of these areas the promotion of the four Licensing Objectives is being undermined by the presence of a significant number of licensed premises.



What is the effect of a Special Policy of Cumulative Impact?

In an area subject to 'cumulative impact' the Licensing Authority will refuse to grant new Premises Licences, Club Premises Certificates or material variations to existing licenses where it receives relevant representations about cumulative impact on the licensing objectives which it concludes after hearing those representations should lead to a refusal. The Licensing Authority cannot refuse an application unless it receives valid objections from local residents, businesses or organisations. If no objections are made, an application will be granted.

Map of Bromley Town Centre




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<p>ENVIRONMENT AND LEISURE SERVICES</p>	<p>LICENSING ACT 2003 - BROMLEY TOWN CENTRE AREA SUBJECT TO A SPECIAL POLICY OF CUMULATIVE IMPACT.</p>		
 <p><small>GORDON HAYWARD DIRECTOR OF ENVIRONMENT AND LEISURE SERVICES, CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY, KENT, SA1 3UH. Tel: 020 8464 3333</small></p>	<p>Scale 1:4000</p>	 <p>03/11/04</p>	<p>BTC 83</p>

Map of Beckenham Town Centre



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<p>ENVIRONMENT AND LEISURE SERVICES</p>	<p>BECKENHAM TOWN CENTRE AREA SUBJECT TO "CUMULATIVE IMPACT POLICY"</p>		
 <p>GORDON HAYWARD DIRECTOR OF ENVIRONMENT AND LEISURE SERVICES Civic Centre, Stockwell Close, Bromley, Kent, BR1 3JH Tel: 020 8464 3333</p>	<p>Scale 1:5,000</p>	<p>N ▲</p>	<p>21/02/07</p>

Appendix D

Licensing Act 2003 Suggested Petition Format

Lead Petitioner contact details

Name	
Address	
Home Tel	
Work Tel	
Mobile Tel	
Email	
Signature	

Details of application

Name of Business	
Address of site	
Licensable Activity	Proposed Hours of operation
Retail sale of alcohol	
Regulated Entertainment	
Late Night Refreshment	
Indoor Sport	

We the undersigned petition Bromley Council as the Licensing Authority to

--

The completed petition should be sent to the Licensing Team Public Protection L.B.
Bromley Civic Centre Stockwell Close Bromley BR1 3UH. Email
licensing@bromley.gov.uk . Tel 020 8313 4218.

Page ___ of ___

Name of Business	
Address of site	
Licensable Activity	Proposed Hours of operation
Retail sale of alcohol	
Regulated Entertainment	
Late Night Refreshment	
Indoor Sport	

Name	Address including post code	Signature

Which Licensing objective do your representations relate to (Please tick)

- | | |
|---------------------|-------------------------------------|
| 1. Crime & Disorder | 2. Public Nuisance |
| 3. Public Safety | 4. Protection of Children from harm |

Reasons for your objection :-

Name	Address including post code	Signature

Which Licensing Objective do your representations relate to (Please tick)

- | | |
|---------------------|-------------------------------------|
| 1. Crime & Disorder | 2. Public Nuisance |
| 3. Public Safety | 4. Protection of Children from harm |

Reasons for your objection :-

Report No.
ES 15069

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Thursday 17 September 2015

Decision Type: Non-Urgent Non-Executive Key

Title: GAMBLING ACT 2005 STATEMENT OF LICENSING POLICY
2016-2019

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

Chief Officer: Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

To present Members with the results of public consultation on the draft gambling policy and recommend the approval of the draft policy for adoption by Council on 19 October 2015.

2. **RECOMMENDATION(S)**

Members are asked to note and comment on the response to public consultation and recommended the Statement of Gambling Policy under the Gambling Act 2005 for adoption by full Council on 19 October 2015 to have effect from 31 January 2016.

Corporate Policy

1. Policy Status: Existing Policy: The Council adopted the current Gambling Policy on 12 November 2013 which had effect from 31 January 2013 for a period of three years.
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Vibrant, Thriving Town Centres:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Public Protection and Safety Portfolio budget
 4. Total current budget for this head: £2.277m
 5. Source of funding: Existing revenue budgets 2015/16
-

Staff

1. Number of staff (current and additional): 51 fte
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Section 349 Gambling Act 2005 requires the Council to prepare and publish a statement of the principles they propose to apply in exercising their functions under the Act. Each statement of policy lasts for 3 years. The next three year period is from 31 January 2016 to 30 Jan 2019.
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 150 licensed gambling premises and all residents and businesses living and trading in the vicinity of licensed premises and users of licenced premises.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: No comments have been received in response to consultation on the draft statement of Gambling policy

3. COMMENTARY

- 3.1 The Council is the 'Licensing Authority' under the Gambling Act 2005 and must prepare and publish a statement of its licensing policy for periods of three years (Section 349). The policy must be reviewed from time to time and before each three year period. The current policy was reviewed by Members on 26 September 2012 and adopted by Full Council on 12 November and come in effect on 31 January 2013.
- 3.2 The General Purposes and Licensing Committee prepares and recommends to full Council the adoption of the Councils Statement of Gambling policy which is required by the Gambling Act 2005
- 3.3 At its meeting on 14 July 2015 Members approved a draft Statement of Gambling Policy (2016-2019) for public consultation.
- 3.4 The draft policy has been published on the Council's website and all licence holders have been written to advising them of the draft policy, highlighting the most significant changes and seeking their views. In addition the draft policy has been drawn to the attention of the statutory Responsible Authorities and a wide range of other bodies and organisations as listed on page 5 of the draft policy
- 3.5 A total of four responses have been received

1. Copers Cope Area Residents' Association. Asked for a specific provision for the cumulative impact of betting shops to be considered and set a saturation level.

There are no provisions within the Gambling Act 2005 to control betting shops in this way.

2. Bromley Safeguarding Children Board – corrected their name

3. Association of British Bookmakers –ABB (Appendix 1)

Members are asked to consider the points made by the ABB under the headings - Evidence based approach and Concerns around increases in regulatory burden. In particular

a. Local Area profiles. We don't currently have any but would ensure they were based on evidenced risks not perceived risks.

b. Should proximity of gambling premises to schools / children's services and the vulnerable be included as potential licence issues when determining applications?

c. Should the policy include the requirement under section A7.1 for operators to supply information on an annual basis or only when required.

4. Power Leisure Bookmakers (Paddy Power) (Appendix 2)

Minor changes to section B3 and B4 have been made to the policy in respect of the comments by Paddy Power. These are shaded grey on pages 16 and 18.

- 3.6 In light of the responses to the consultation, a suggested final version of the policy is attached which Members are asked to recommend for adoption by full Council on 19 October 2015, subject to any changes agreed following public consultation. (Appendix 3)

4. POLICY IMPLICATIONS

The current statement of Gambling policy 2013 - 2016 expires on 30 January 2016. A new policy statement is required for the period 2016 – 2019 to comply with the Councils legal duties. The policy is largely unchanged from the previous one.

5. LEGAL IMPLICATIONS

See policy implications

Non-Applicable Sections:	FINANCIAL & PERSONNEL IMPLICATIONS
Background Documents: (Access via Contact Officer)	Gambling Act 2005, Statement of Gambling policy 2013 – 2016. Report to GP&L on 14 July 2015

Gambling Policy Statement of Principles consultation | ABB response

September 2015

Introduction

The Association of British Bookmakers (ABB) represents over 80% of the high street betting market. Our members include large national operators such as William Hill, Ladbrokes, Coral and Paddy Power, as well as almost 100 smaller independent bookmakers.

Please see below for the ABB's response to the current consultation on Bromley Council's review of its gambling policy statement.

This sets out the ABB approach to partnership working with local authorities and details any areas of concern within the draft statement, including our views on the implementation of the new LCCP requirements, from April 2016, relating to operators' local area risk assessments and their impact on the licensing regime.

We are concerned to ensure these changes are not implemented in such a way as to fundamentally change the premises licence regime through undermining the "aim to permit" principle.

In our view the current regime already adequately offers key protections for communities and already provides a clear process (including putting the public on notice) for objections to premises licence applications. The recent planning law changes effective since April 2015 have also already increased the ability of licensing authorities to review applications for new premises, as all new betting shops must now apply for planning permission.

It is important that this is also set within the context of declining betting shop numbers. Over recent years betting shop numbers have been relatively stable at around 9,000 nationally, but more recently a trend of overall downwards decline can be seen. The latest [Gambling Commission industry statistics](#) show that numbers as at 31 Mar 2015 were 8,958 - a decline of 179 from the previous year, when there were 9,137 recorded as at 31 March 2014.

Working in partnership with local authorities

The ABB is fully committed to ensuring constructive working relationships exist between betting operators and licensing authorities, and that where problems may arise that they can be dealt with in partnership. The exchange of clear information between councils and betting operators is a key part of this and we welcome the opportunity to respond to this consultation.

- **LGA – ABB Betting Partnership Framework**

In January 2015 the ABB signed a partnership agreement with the Local Government Association (LGA), developed over a period of months by a specially formed Betting Commission consisting of councillors and betting shop firms, which established a framework designed to encourage more joint working between councils and the industry.

Launching the document Cllr Tony Page, LGA Licensing spokesman, said it demonstrated the

“...desire on both sides to increase joint-working in order to try and use existing powers to tackle local concerns, whatever they might be.”

The framework builds on earlier examples of joint working between councils and the industry, for example the Ealing Southall Betwatch scheme and Medway Responsible Gambling Partnership.

In Ealing, the Southall Betwatch was set up to address concerns about crime and disorder linked to betting shops in the borough. As a result, crime within gambling premises reduced by 50 per cent alongside falls in public order and criminal damage offences.

In December last year, the Medway Responsible Gambling Partnership was launched by Medway Council and the ABB. The first of its kind in Britain, the voluntary agreement allows anyone who is concerned they are developing a problem with their gambling to exclude themselves from all betting shops in the area.

The initiative also saw the industry working together with representatives of Kent Police and with the Medway Community Safety Partnership to develop a Reporting of Crime Protocol that is helpful in informing both the industry, police and other interested parties about levels of crime and the best way to deal with any crime in a way that is proportionate and effective.

Learnings from the initial self-exclusion trial in Medway have been incorporated into a second trial in Glasgow city centre, launched in July this year with the support of Glasgow City Council, which it is hoped will form the basis of a national scheme to be rolled out in time for the LCCP deadline for such a scheme by April 2016.

Jane Chitty, Medway Council’s Portfolio Holder for Planning, Economic Growth & Regulation, said:

“The Council has implemented measures that work at a local level but I am pleased to note that the joint work we are doing here in Medway is going to help the development of a national scheme.”

Describing the project, Glasgow’s City Treasurer and Chairman of a cross-party Sounding Board on gambling, Cllr Paul Rooney said:

“This project breaks new ground in terms of the industry sharing information, both between operators and, crucially, with their regulator.”

- **Primary Authority Partnerships in place between the ABB and local authorities**

All major operators, and the ABB on behalf of independent members, have also established Primary Authority Partnerships with local authorities.

These Partnerships help provide a consistent approach to regulation by local authorities, within the areas covered by the Partnership; such as age-verification or health and safety. We believe this level of consistency is beneficial both for local authorities and for operators.

For instance, Primary Authority Partnerships between Milton Keynes Council and Reading Council and their respective partners, Ladbrokes and Paddy Power, led to the first Primary Authority inspection plans for gambling coming into effect in January 2015.

By creating largely uniform plans, and requiring enforcing officers to inform the relevant Primary Authority before conducting a proactive test-purchase, and provide feedback afterwards, the plans have been able to bring consistency to proactive test-purchasing whilst allowing the Primary Authorities to help the businesses prevent underage gambling on their premises.

Local area risk assessments

From April 2016, under new Gambling Commission LCCP provisions, operators are required to complete local area risk assessments identifying any risks posed to the licensing objectives and how these would be mitigated.

Licensees must take into account relevant matters identified in the licensing authority's statement of licensing policy and local area profile in their risk assessment, and these must be reviewed where there are significant local changes or changes to the premises, or when applying for a variation to or a new premises licence.

The ABB supports this requirement as set out in the LCCP, as this will help sustain a transparent and open dialogue between operators and councils. The ABB is also committed to working pro-actively with local authorities to help drive the development of best practice in this area.

- **Evidence based approach**

It is important that any risks identified are supported by substantive evidence. Where risks are unsubstantiated there is a danger that the regulatory burden will be disproportionate. This may be the case where local authorities include perceived rather than evidenced risks in their local area profiles. There is a danger that this could take place in instances – such as those suggested on pages 16 and 17 of the draft document – where councils are mandated within the local area risk assessment to consider as a minimum factors including 'whether the premises is in an area of deprivation' or the 'ethnic profile of residents in the area' as such measures as these lead to decisions based on assumptions rather than factual evidence.

The ABB does not believe that the geographic proximity of a gambling premises, e.g. being close to schools or venues providing services to children and the vulnerable, should be included as a potential licence issue. We are not aware of any evidence of negative impact resulting from the near location of gambling premises to schools or residential areas where there may be a high concentration of families with children because of the stringent policies already in place.

This would distort the aim to permit principle set out in the Gambling Act 2005 by moving the burden of proof onto operators. Under the Act, it is incumbent on licensing authorities to provide evidence as to any risks to the licensing objectives, and not on the operator to provide evidence as to how they may mitigate any potential risk.

A reversal of this would represent a significant increase in the resource required for operators to be compliant whilst failing to offer a clear route by which improvements in protections against gambling related harm can be made.

The industry fully supports the development of proportionate and evidenced based regulation, and is committed to minimising the harmful effects of gambling. The ABB is continuing to work closely with the Gambling Commission and the government to further evaluate and build on the measures put in place under the ABB Code for Responsible Gambling, which is mandatory for all our members.

- **Concerns around increases in the regulatory burden on operators**

Any increase in the regulatory burden would severely impact on our members at a time when overall shop numbers are in decline, and operators are continuing to respond to and absorb significant recent regulatory change. This includes the increase to 25% of MGD, changes to staking over £50 on gaming machines, and planning use class changes which require all new betting shops in England to apply for planning permission.

Moving away from an evidence based approach would lead to substantial variation between licensing authorities and increase regulatory compliance costs for our members. This is of particular concern for smaller operators, who do not have the same resources to be able to put into monitoring differences across all licensing authorities and whose businesses are less able to absorb increases in costs, putting them at risk of closure.

Such variation would in our opinion also weaken the overall standard of regulation at a local level by preventing the easy development of standard or best practice across different local authorities.

The ABB is also concerned that overly onerous requirements on operators to review their local risk assessments with unnecessary frequency could be damaging. As set out in the LCCP a review should only be required in response to significant local or premises change. In the ABB's view this should be where evidence can be provided to demonstrate that the change could impact the premises' ability to uphold the three licensing objectives.

- **Employing additional licence conditions**

It is our view that additional conditions should only be imposed in exceptional circumstances where there are clear reasons for doing so – in light of the fact that there are already mandatory and default conditions attached to any premises licence. The ABB is concerned that the imposition of additional licensing conditions could become commonplace if there are no clear requirements in the revised licensing policy statements as to the need for evidence.

This would further increase variation across licensing authorities and create uncertainty amongst operators as to licensing requirements, over complicating the licensing process both for operators and local authorities.

- **Operators' risk assessments**

As indicated, any exposition of risk in the Statement of Principles should not be based on anything less than empirical evidence and proportionality needs to be applied to all licensing decisions. For example successive prevalence surveys and health surveys tells us that problem gambling rates in the UK are stable (0.6%) and possibly falling.

Although our members will be implementing risk assessment at a local premises level, we do not believe that it is for the licensing authority to prescribe the form of that risk assessment. We believe that would be against better regulation principles with operators being allowed to gear risk assessment to their own operational processes; informed by Statements of Principle and the local area profile.

We would particular note the suggestion in the consultation document that operators should be required to provide details on the number of test purchase activities that have been undertaken; and figures relating to incidents of gambling refusals due to underage or excessive gambling where staff intervention has occurred. The ABB does not currently, and does not believe in the need, for operators to automatically provide this information although operators are able to do so upon specific request. We would point to the Primary Authority relationships held by the major operators and by the ABB on behalf of our independent members with Reading Council, as the appropriate avenue for information sharing at this level of detail.

- **Additional concerns**

We would also request that where a local area profile is produced by the licensing authority that this be made clearly available within the body of the licensing policy statement, where it will be easily accessible by the operator and also available for consultation whenever the policy statement is reviewed.

Conclusion

The ABB and our members are committed to working closely with both the Gambling Commission and local authorities to continually drive up standards in regulatory compliance in support of the three licensing objectives: to keep crime out of gambling, ensure that gambling is conducted in a fair and open way, and to protect the vulnerable.

Indeed, as set out, we already do this successfully in partnership with local authorities now. This includes through the ABB Code for Responsible Gambling, which is mandatory for all our members, and the Safe Bet Alliance (SBA), which sets voluntary standards across the industry to make shops safer for customers and staff. We would encourage local authorities to engage with us as we continue to develop both these codes of practice which are in direct support of the licensing objectives.

Contact: For any responses or requests for additional information please contact Lauren Hilton, Public Affairs Executive (laurenhilton@abb.uk.com / 020 7434 2111).

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Power Leisure Bookmakers Limited response to the London Borough of Bromley Council's Consultation on its draft Statement of Gambling Principles

Paddy Power is Ireland's biggest Bookmaker and operates both a retail business through licensed betting offices and an online/telephone business. Paddy Power operates 251 licensed betting offices in Ireland and 325 betting offices in the United Kingdom.

Paddy Power is a leading national operator of betting premises with clear and proactive policies to promote the Gambling Licensing Objectives.

We respectfully remind the Licensing Authority that operators of premises licences have full authority to provide their services by the provision of an Operators' Licence granted by the Gambling Commission. The UK's gambling regulator has therefore approved the measures implemented by operators to ensure that effective anti-money laundering procedures are implemented and that policies have been developed that ensure responsible trading in accordance with gambling legislation, the licensing objectives and the Licence Conditions and Codes of Practice. Of particular relevance are the obligations and requirements now placed upon operators under the social responsibility provisions of the LCCP, which were introduced by the Gambling Commission earlier this year.

We refer the authority to the Regulators' Code, which was introduced by the Legislative and Regulatory Reform Act 2006 and provides the code to which the Authority must have regard. Specifically, Regulators should avoid imposing unnecessary burdens and choose proportionate approaches to those they regulate and have mechanisms in place for consultation. The Code provides that before any changes in policy are implemented the effect that any proposed amendments may have on businesses should be considered and stakeholders should be engaged. Where local risks are to be addressed, an evidenced based approach should be taken.

General Policy Commentary

Licensing Authorities are under the statutory obligation to aim to permit the use of premises for gambling so far as the authority believes that an application is reasonably consistent with the licensing objectives and in accordance with its own statement of principles. Authorities can request additional information in support of an application to assist with the determination in consideration of the above criteria. The draft statement of principles correctly identifies that unmet demand is not a criterion that can be considered and that duplication with other regulatory regimes will be avoided.

Location and local area risk assessment

Under new Gambling Commission LCCP provisions, from April 2016 operators will be required to complete local area risk assessments that identify risks posed to the licensing objectives and how these should be mitigated. We respectfully refer the Authority to the Regulators' Code, which provides that in making an assessment of risk, Regulators should recognise the compliance record of those they regulate and take an evidenced based approach to determining the priority risks in their area of responsibility. We propose that to ensure that better regulation principles are followed, operators should be allowed to assess their existing operational processes, informed by Statements of Principle, which highlight potential areas of particular sensitivity and known vulnerability. High risk areas should only be identified where empirical evidence is adduced that clear gambling related harm would be caused by the presence of gambling related premises. Identification of theoretical risk factors such as area demographics, ethnicity and deprivation should only be included where local evidence is available which quantifies the ascertainable risk to be mitigated. Any proposed measures to address risks identified should be proportionate, effective and tailored to specific concerns identified. All risks must be substantiated in order to prevent the implementation of a disproportionate regulatory burden upon operators. Where variations are made to existing permissions, additional measures should only be considered where empirical evidence suggests there is an actual risk to the promotion of the licensing objectives and that existing approved measures are insufficient to address those concerns. It may not be proportional for applicants or existing licence holders to actively engage in investigations for unique localised risk factors where problems which may be associated with gambling premises are not realised. Whilst operators may regularly review their policies and procedures incorporating risk assessment at a local premises level it may not be appropriate for the Authority to prescribe the nature of an annual risk assessment as internal processes should already be responsive to evidence of changes in local operational risk profile (A7.1).

Section B3 and B4 provide extensive provisions as to the nature and content of local area risk assessments to be provided by operators. The Authority should consider that where operators implement extensive policies in accordance with the Gambling Commission's LCCP that without evidence to suggest that such policies are insufficient to address concerns within local areas, a repeat analysis of standardised procedures within new applications may not be appropriate as this would duplicate the requirements under operating licence provisions. For example, whilst obligations with regard to advertising practice, self-exclusion, age verification, training and the provision of appropriate information are not conditions under sections 167 and 168 of the Gambling Act 2005, they are imposed as code provisions under the Licensing Conditions and Codes of Practice.

The draft policy confirms that the Authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling. The policy also states that consideration will be given to the location of proposed premises in particularly sensitive locations along with those areas with known high levels of crime and disorder (sections B3 and B6). In order to fully address any potential concerns, all risk profiles should be based upon factual evidence of gambling related harm in consideration of those measures already in place to mitigate actual rather than theoretical risk. Well managed and controlled premises, compliant with the Gambling Commission's LCCP, should not pose a gambling related risk to children and young people and additional measures, controls or conditions considered should not be imposed to address wider social issues. Any reference to vulnerability should specifically address evidence based risks of gambling related harm caused to individuals and populations identified. Any proposed measures to mitigate those risks may only be appropriate where they cannot be addressed by operators' existing measures and compliance with governing legislation.

When considering crime and disorder, the policy should identify that there is a clear distinction between disorder and nuisance and highlight that nuisance was specifically rejected by Parliament as a licensing objective under the Gambling Act 2005. As part of any analysis of crime and disorder, the Authority may wish to consider the prevalence of illegal gambling and ensure that any measures proposed to address crime are proportionate to the existing operational procedures implemented and will effectively address any concerns identified.

Should the Licensing Authority contemplate introducing detailed policies regarding the location of specific gambling premises (section B4), thorough details should be provided for consultation with stakeholders. Such consultation would permit the thorough assessment of the validity of any potential local area profiling that may be completed. Any evidence gathered should directly correlate with actual risks identified in those locations and appropriate assessment completed of any detrimental impact that any proposed gaming provision may have.

Any finalised policy should not suggest that gaming related applications pose an inherent risk to 'vulnerable people', regardless of status or evidence of actual harm. Where operators are asked to mitigate any perceived risks, sufficient parameters should be identified addressing the specific risks concerned relative to those individuals who may be at risk from the grant of any proposed application.

Primary Authority

Power Leisure Bookmakers Limited has established Primary Authority Partnerships with both Milton Keynes and Reading Council. The primary authorities worked with each other and the

Gambling Commission to develop a national inspection strategy to be implemented to help protect underage people from gambling. Such schemes enable a consistent approach to regulation and enforcement and provide a uniform standard.

Conditions

Mandatory and default premises licence conditions are already imposed on operators and the authority must consider that operators are required to uphold social responsibility. Additional conditions should only be imposed in exceptional circumstances where evidence based risks are identified and operators existing provisions are considered inadequate to specifically address those concerns.

Conclusion

We are committed to working in partnership with the Gambling Commission and local authorities to continue to promote best practice and compliance in support of the licensing objectives.

LONDON BOROUGH OF BROMLEY
GAMBLING ACT 2005
DRAFT STATEMENT OF GAMBLING POLICY
2016 – 2019

**Approved by General Purposes and Licensing Committee on 17 September 2015 and
adopted by Full Council on 19 October 2015.**

Commencement date 31 January 2016



Statement of Policy - Gambling Act 2005 Contents

Part A - General

- A.1. Summary of the Gambling Act
- A.2. Introduction
- A.3. Declaration
- A.4. Delegation
- A.5. Responsible Authorities
- A.6. Interested parties

- A.7. Exchange of information
 - A.7.1. Information from Operators and Premises Licence Holders
- A. 8. Inspection and Enforcement
- A. 9. Licensing Authority functions

Part B - Premises licences

- B.1. General Principles
- B.2. Definition of premises
- B.3. Location of Premises
- B.4. Local Area Profiles
- B.5. Duplication with other regulatory regimes
- B.6. Licensing objectives
- B.7. Conditions
- B.8. Door Supervisors
- B.9. Adult Gaming Centres
- B.10. Licensed Family Entertainment Centres
- B.11. Casinos
- B.12. Bingo
- B.13. Betting premises
 - B.13.1 Betting Machines in Betting Premises
- B.14. Tracks
- B.15. Travelling fairs
- B.16. Provisional Statements
- B.17. Reviews

Part C - Permits / Temporary and Occasional Use Notices

- C.1. Unlicensed Family Entertainment Centre gaming machine permits

- C.2. (Alcohol) Licensed premises gaming machine permits
 - C.2.1. Automatic Entitlement
 - C.2.2. More than two machines
- C.3. Prize Gaming Permits
- C.4. Club Gaming and Club Machines Permits
- C.5. Temporary Use Notices
- C.6. Occasional Use Notices

Appendices

- Appendix A - Map of London Borough of Bromley
- Appendix B - Responsible Authorities details

PART A - GENERAL

A.1. Summary of the Gambling Act 2005

The Gambling Act 2005 establishes a system of licences and permits for a wide range of gambling activities.

Under Section 349 of the Gambling Act 2005 the Licensing Authority is required to prepare a statement of principles that they propose to apply in exercising their functions under this Act. This process is to be repeated every three years from 31st January 2007.

The consultation process is laid out clearly in the Gambling Act 2005, the Gambling Act 2005 (Licensing Authority Policy Statement)(England and Wales) Regulations 2006 and the Guidance to Licensing Authorities issued by the Gambling Commission (www.gamblingcommission.gov.uk).

The purpose of the Statement of Licensing Policy is to set out the principles that the Council propose to apply when determining licences, permits and registrations under the Gambling Act 2005.

For the purposes of the Gambling Act 2005 the London Borough of Bromley is the Licensing Authority.

Any decision taken by the Council regarding the determination of licences, permits and registrations should aim to permit the use of premises for gambling in so far as it is reasonably consistent with the licensing objectives which are:

- **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime**

- **Ensuring that gambling is conducted in a fair and open way**
- **Protecting children and other vulnerable persons from being harmed or exploited by gambling**

The licensing authority will make decisions about premises licences, permits and temporary use notices with reference to the following documents and guidance:

- The relevant guidance issued by the Gambling Commission
- The relevant Licence Conditions and Code of Practice issued by the Gambling Commission (LCCP)
- that are reasonably consistent with the licensing objectives and
- in accordance with the authority's statement of licensing policy

The principles to be applied specifically to the determination of premises licence applications include definition of premises, location, duplication with other regulatory regimes, conditions, door supervision, layout of the premises and supervision of gaming facilities. The policy also specifically mentions adult gaming centres, family entertainment centres, casinos, bingo premises, betting premises and travelling fairs.

The council has the ability to issue permits for prize gaming and unlicensed family entertainment centres. The council is able to specify the information it requires as part of the application process which will aid determination and this information is described in this Policy.

Club gaming and club machine permits are also issued by the council. The process for this is described, along with other processes specified in the legislation for example temporary use notices, occasional use notices and small society lotteries.

A.2. Introduction

The London Borough of Bromley is situated on the borders of South East London and Kent. Geographically it is the largest of the London boroughs with an area of approximately 58 Sq miles. The borough has a population of approximately 300,000.

The central and northern parts of the borough are urban and densely populated with the main residential centres being:

- Penge/Anerley
- Beckenham
- West Wickham
- Bromley

- Chislehurst / Mottingham
- Orpington / Farnborough
- St Paul's Cray / St Mary Cray

The Southern part of the Borough is rural with Biggin Hill as its main residential and commercial centre. See Map of Borough in **Appendix A**

Licensing authorities are required by the Gambling Act 2005 to publish a statement of the principles that they propose to apply when exercising their functions.

This statement must be published at least every three years. The statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must be then re-published.

A list of those persons consulted is provided below. It should be noted that unsolicited comments may be received from other persons.

List of persons this authority consulted:

- All Councillors
- The Metropolitan Police – Bromley Police Station
- The London Fire Brigade
- Planning Department of the London Borough of Bromley
- Public Health Complaints Team
- The Director for Childrens Services
- All known premises with AWP Machines
- All known operators of licensed Betting Offices
- All known operators of licensed bingo halls
- All known registered Society Lotteries
- All known Residents Associations
- All known faith groups
- Other adjoining Councils

The consultation took place between 20 July 2015 and the 1 Sept 2015

The full list of comments made and the consideration of those comments is available by request from the:

Licensing Team
Public Protection
Civic Centre
Stockwell Close
Bromley BR1 3UH

Tel 020 8313 4218 or via the council’s website at: www.bromley.gov.uk

The final policy approved by Full Council will be published on the council's website at: www.bromley.gov.uk.

Should you have any comments regarding this policy statement please send them via e-mail or letter to the following contact:

Paul Lehane
 Manager Food, Safety and Licensing
 Public Protection
 Civic Centre
 Stockwell Close
 Bromley BR1 3UH
 Tel: 020 8313 4216
 e-mail: paul.lehane@bromley.gov.uk

It should be noted that this policy statement will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

A.3. Declaration

In producing the final statement, this licensing authority declares that it has had regard to the licensing objectives of the Gambling Act 2005, the guidance issued by the Gambling Commission, and any responses from those consulted on the statement.

A.4. Licensing Authority Delegation under the Gambling Act

X depicts the lowest levels to which decisions can be made

Matter to be dealt with	Full Council	Licensing Sub-Committee	Officers
Final approval of the Licensing Authority Policy Statement	X		
Gambling Policy not to permit casinos	X		
Fee setting (Where appropriate)		X If delegated by full council	

Applications for new grant or variation of a premises licences where representations have been received and not withdrawn.		X	
Applications for new grant or variation of a premises licences where no representations have been made, or where any representations made have been withdrawn.			X
Application for the transfer of a premises licence where representations have been received from the Commission or responsible authority.		X	
Application for the transfer of a premises licence where no representations received from the Commission or responsible authority			X
Application for a provisional statement where representations have been received and not withdrawn.		X	
Application for a provisional statement where no representations have been made, or where any representations made have been withdrawn.			X
Review of a premises licence.		X	
Application for club gaming/club machine permits where objections have been received and not withdrawn.		X	
Application for club gaming/club machine permits where no objections have been received or where any objections made have been withdrawn.			X
Cancellation of club gaming/club machine permits and licensed premises gaming machine permits.		X	
Applications for other permits.			X
Consideration of temporary use notice.			X

Decision to give a counter notice to a temporary use notice.		X	
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A.5. Responsible Authorities

When an application is received for a premises licence or permit, there will be a requirement to consult with a number of responsible authorities. It will be the responsibility of the applicant to send copies of their applications to the authorities listed below:

- London Borough of Bromley Licensing Authority
- The Gambling Commission
- The Metropolitan Police: Bromley Police Station
- The London Fire Brigade
- Planning Department of the London Borough of Bromley
- Public Health Complaints Team
- London Borough of Bromley Child Protection Team known as Bromley Safe Guarding Children Board
- HM Commissioners of Customs and Excise

The contact details of all the Responsible Authorities under the Gambling Act 2005 are set out in **Appendix B** of this policy and are also available via the Council's website at: www.bromley.gov.uk

Each responsible authority will consider an application and may make representations to the licensing authority in accordance with the 3 licensing objectives.

A.6. Interested parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in s158 of the Gambling Act 2005. An Interested Person is someone, who in the opinion of the licensing authority:

- Lives sufficiently close to the premises to be affected by the authorised activities taking place.
- Has a business interest that might be affected.
- Represent a person of the above.

We are required by regulations to state the principles we will apply in exercising our powers under the Gambling Act 2005 to determine whether a person is an interested party. The principles are:

- Each case will be decided upon its merits. We will not apply a rigid rule to our decision-making.
- We will also consider the Gambling Commission's Guidance that

"business interests" should be given the widest possible interpretation and include partnerships, charities, faith groups and medical practices.

- Interested Parties will include trade associations and trade unions, and residents and tenants associations. This authority will not however generally view these bodies as interested parties unless they have a member who lives sufficiently close to the premises to be likely to be affected by the activities being applied for.
- Interested parties can be persons who are democratically elected such as Councillors and MPs. No specific evidence of being asked to represent an interested person will be required as long as the councillor/MP represents the ward likely to be affected. Other than these however, we will generally require written evidence that a person/body (e.g. an advocate/relative) 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or has business interests that might be affected by the authorised activities. A letter, email or fax from one of these persons requesting the representation is sufficient.

A.7. Exchange of Information

We are required to ensure that we exchange information in accordance with the Act (without contravening the Data Protection Act 1998) with the following bodies:

- The Gambling Commission
- The Metropolitan Police
- HM Commissioners of Customs and Excise
- Gambling Appeal Tribunal
- National Lotteries Commission
- Secretary of State

A.7.1. Information from Operators and Premises Licence Holders

We require operators/ premises licence holders to supply information to the licensing authority where relevant to the licensing objectives, Licensing Conditions and Code of Practice (LCCP) this will include the following on at least an annual bases

- Premises and local area risk assessment
- How many test purchase activities have been undertaken
- How many incidents of gambling refusals due to
 - Underage
 - Excessive gambling where staff intervention has occurred
- How many self-excluded gamblers have registered at the premises

Information required as it occurs (notification via email, letter or phone)

- Incidents of failed age test purchases
- Incidents of crime and disorder (which required police notification or involvement)

8. Inspection and Enforcement

Our main aim is to ensure compliance with Premises Licences and other permissions that we authorise..

In accordance with our functions under the Gambling Act 2005 we will endeavour to be:

- **Proportionate:** and will only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
- **Accountable:** we should be able to justify decisions, and be subject to public scrutiny;
- **Consistent:** our rules and standards must be joined up and implemented fairly;
- **Transparent:** we should be open, and keep regulations simple and user friendly; and,
- **Targeted:** regulation should be focused on the problem, and minimise side effects.

Where inspections are undertaken the licensing authority will endeavour to be consistent with the guidance given by the Gambling Commission and where appropriate will have regard to the inspection templates they have produced. We will endeavour to avoid duplication with other regulatory regimes.

Enforcement

Once licensed, it is essential that premises are maintained and operated so as to ensure the continued promotion of the licensing objectives and compliance with the specific requirements of the 2005 Act. We will support businesses to comply with the law but view offences and breaches of licence conditions seriously.

The Licensing Authority will make arrangements to monitor premises and take appropriate enforcement action to ensure this. The Licensing Authority will work closely with the Police to establish protocols to ensure an efficient deployment of Police and Licensing Officers engaged in enforcing licensing law and inspecting licensed premises, in order to ensure that High-risk premises receive the highest priority.

The enforcement action will be:

- Targeted toward those premises presenting the highest risk
- Proportional, to the nature and seriousness of the risk those premises present
- Consistent, so that we take similar approaches in similar situations
- Transparent, so those who are subject to enforcement action know what to expect
- Accountable, so that we take responsibility for our actions.

The Licensing Authority has instructed its officers to adopt a zero tolerance approach to offences and breaches of licence conditions. In practice this means that licensing officers will investigate significant complaints alleging breaches of the Act or licence conditions and act on all sources of reliable intelligence (including local residents and businesses) with a view to establishing if offences have been committed.

Such matters may include:

- Unauthorised licensable activities or breach of licence conditions
- Allowing disorderly conduct on licensed premises
- Allowing illegal Gambling to occur
- Allowing children to gamble or have access to age restricted premises or locations
- Allowing a person to gamble who is knowingly drunk

Where licensing officers have such evidence they have a range of enforcement options including:

- Offering advice /guidance (verbal or written)
- Informal written warnings
- Formal cautions
- Prosecutions
- Review of Premises Licences
- Closure of premises that are experiencing or are likely to experience crime and disorder or public nuisance.

The Licensing Authority encourages a graduated approach to enforcement as set out in the Environmental Health & Trading Standards generic enforcement policy however in the cases of offences relating to :-

1. The deliberate and persistent provision of unlicensed activities
2. The breach of licensing conditions resulting in substantial risk to the promotion of the licensing objectives
3. Persistent underage gambling or access
4. The use of licensed premises in connection with organised criminal activity
5. Allowing disorderly conduct on licensed premises

It is the expectation that formal action (including Fixed Penalty Notices, Formal Cautions, Use of closure Notices, Reviews and / or Prosecution) will be the preferred approach.

A.9. Licensing Authority functions

We are required to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences
- Issue Provisional Statements
- Regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue Club Machine Permits to Commercial Clubs
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register small society lotteries below prescribed thresholds
- Issue Prize Gaming Permits
- Receive and Endorse Temporary Use Notices
- Receive Occasional Use Notices
- Provide information to the Gambling Commission regarding details of licences issued (see section above on 'information exchange')
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that the licensing authority will not be involved in licensing remote gambling. This will fall to the Gambling Commission via operating licences.

Part B

PREMISES LICENCES

B.1. General Principles

The licensing authority is responsible for administering applications for premises licences and permits. The premises licences will be subject to the requirements of the Act and its regulations.

The licensing authority may issue specific mandatory and default conditions, but it will also have the discretion to exclude default conditions and attach others, where it believes it to be appropriate.

Decisions about premises will be made:

- In accordance with any relevant code of practice issued by the Gambling Commission
- In accordance with any relevant guidance issued by the Gambling Commission;
- That are reasonably consistent with the licensing objectives
- In accordance with the authority's statement of licensing policy.

Moral objections or demand for gambling are not a valid reason to reject applications for premises licences.

B.2. Definition of premises

Premises are defined in the Act as "any place".

A premise can only hold one premises licence. A building can hold a number of premises licences if it contains a number of distinct premises within it. The question of whether different parts of the premises are separate will be considered at the time of application however the Gambling Commission does not believe that buildings that have been made temporarily or artificially separate are able to be considered as different premises.

We will ensure that when considering applications for multiple licences in a building that those areas that are used for non-gambling purposes are kept separate from the gambling areas. In particular we will be aware that entrances and exits from parts of a building covered by one or more licences should be separate and identifiable so that the separation of different premises is not compromised and that people do not 'drift' into a gambling area.

We will also ensure that applications where access to the licensed premises is through other premises are carefully considered. We will be looking at the issues of whether children can gain access; compatibility of the two establishments; and ability to comply with the requirements of the Act. We want to ensure that the combination of the premises within the building will not allow an arrangement that would otherwise be prohibited under the Act.

An applicant for a premises licence may not obtain a full premises licence until the premises is constructed. We will ensure that the premises are sufficiently complete to enable a full inspection to be carried out by us and other responsible authorities where necessary.

B.3. Location of premises

When considering applications this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

The council is aware that demand issues (e.g. the likely demand or need for gambling facilities in an area) cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives can. The council will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder.

With regards to these objectives it is the council's policy, upon receipt of any relevant representations to look at specific location issues including:

- the possible impact a gambling premises may have on any premises that provide services to children or young people, i.e. a school, or vulnerable adult centres in the area
- the possible impact a gambling premises may have on residential areas where there may be a high concentration of families with children
- the size of the premises and the nature of the activities taking place
- any levels of organised crime in the area.

The council will need to be satisfied that there is sufficient evidence that the particular location of the premises would be harmful to the licensing objectives.

From 6 April 2016, it is a requirement of the Gambling Commission's Licence Conditions and Codes of Practice (LCCP), under section 10, for licensees to assess the local risks to the licensing objectives posed by the provision of gambling facilities at their premises and have policies, procedures and control measures to mitigate those risks.

Risk profiles should be based upon factual evidence of gambling related harm in consideration of those measures already in place to mitigate actual rather than a theoretical risk.

In making risk assessments, licensees must take into account relevant matters identified in this policy.

The LCCP goes on to say licensees must review (and update as necessary) their local risk assessments:

- a. to take account of significant changes in local circumstance, including those identified in this policy;
- b. when there are significant changes at a licensee's premises that may affect their mitigation of local risks;
- c. when applying for a variation of a premises licence; and
- d. in any case, undertakes a local risk assessment when applying for a new premises licence.

The council will expect the local risk assessment to consider as a minimum:

- The specifics of any "Local Area Profile" if specified for the area of the premises
- whether the premises is in an area of deprivation
- whether the premises is in an area subject to high levels of crime and/or disorder
- the ethnic profile of residents in the area
- the demographics of the area in relation to vulnerable groups
- the location of services for children such as schools, playgrounds, toy shops, leisure centres and other areas where children will gather

In any case the local risk assessment should show how vulnerable people including people with gambling dependencies are protected.

Other matters that the assessment may include:

- The training of staff in brief intervention when customers show signs of excessive gambling, the ability of staff to offer brief intervention and how the manning of premises affects this.
- Details as to the location and coverage of working CCTV cameras, and how the system will be monitored.
- A detailed scale plan showing the layout of the premises showing sight lines so that staff have an unobstructed view of all persons using the premises
- The number of staff that will be available on the premises at any one time. If at any time that number is one, confirm the supervisory and monitoring arrangements when that person is absent from the licensed area or distracted from supervising the premises and observing those persons using the premises.
- Arrangements for monitoring and dealing with under age persons and vulnerable persons, which may include dedicated and trained personnel, leaflets, posters, self-exclusion schemes, window displays and advertisements not to entice passers-by etc.
- The provision of signage and documents relating to gambling / game rules, gambling care providers and other relevant information is provided in both English and the other prominent first language for that locality.
- Where the application is for a betting premises licence, other than in respect of a track, the location and extent of any part of the premises which will be used to provide facilities for gambling in reliance on the licence.

Such information may be used to inform the decision the council makes about whether to grant the licence, to grant the licence with special conditions or to refuse the application.

This policy does not preclude any application being made and each application will be decided on its merits, with the onus being upon the applicant to show how the concerns can be overcome.

Where operators implement extensive policies in accordance with the Gambling Commission's LCCP that without evidence to suggest that such policies are insufficient to address concerns within local areas, a repeat analysis of standardised procedures within new applications may not be necessary as this would duplicate the requirements under operating licence provisions

B.4. Local Area Profiles

Each locality has its own character and challenges.

Where there is an issue in a local area which impacts on how an applicant should complete their own risk assessment, the council will publish a Local Area Profile.

These profiles will be approved by the Licensing Committee and will be published Councils Web site.

As at July 2015 No Local Area Profiles have been published.

Where Local Area Profiles are published the applicant should give it careful consideration when making an application.

Applicants may be asked to attend a meeting with licensing officers to discuss the measures suggested in the guidance and how they might be relevant to their application. The Local Area Profiles will be presented to any subsequent licensing subcommittee when they determine an application that has received representations.

The council recognises that it cannot insist that applicants address the local area profiles when completing their risk assessments. However an applicant who decides to disregard the guidance may face additional representations and the expense of a hearing as a result

B.5. Duplication with other regulatory regimes

We will seek to avoid any duplication with other statutory/regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval, in its consideration of it. It will though, listen to, and consider carefully, any concerns about conditions, which cannot be met by licensees due to planning restrictions, should such a situation arise.

B.6. Licensing objectives

Premises licences granted must be reasonably consistent with the licensing objectives.

1. Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime

We acknowledge that the Gambling Commission will be taking a leading role in preventing gambling from being a source of crime.

If during the course of considering a premises licence application or at any other time, we have cause to question the suitability of the applicant to hold an operating licence, we will contact the Gambling Commission as soon as possible.

We will pay particular attention to the proposed location of gambling premises in terms of this licensing objective. Where an area has known high levels of organised crime we will consider carefully whether it is a suitable location or whether conditions may be applied such as the provision of door supervisors.

We recognise that in the case of gambling premises, disorder is intended to mean activity that is more serious and disruptive than just nuisance. Factors to consider when determining whether a disturbance is serious enough to constitute disorder would include whether police assistance is required and how threatening the behaviour is to those who could see or hear it.

If the disorder is serious or persistent and the operator could do more to prevent it, then we will contact the Gambling Commission so that it can consider the continuing suitability of the operator to hold an operators licence.

2. Ensuring that gambling is conducted in a fair and open way

We have noted that the Gambling Commission has stated that it would generally not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way, as this will be addressed via operating and personal licences.

3. Protecting children and other vulnerable persons from being harmed or exploited by gambling

We have noted the Gambling Commission's Guidance for local authorities states that this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at or are, particularly attractive to children). We will therefore consider, as suggested in the Gambling Commission's Guidance, whether specific measures are required at particular premises, with regard to this licensing objective. Appropriate measures may include supervision of entrances/machines, segregation of areas etc.

“Vulnerable persons”

Is considered by the Gambling Commission to include “people who gamble more than they want to; people who gambling beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs.” We will consider this licensing objective on a case-by-case basis.

The Department of Health document “No Secrets” offers a definition of a vulnerable adult as a person:

“who is or may be in need of community care services by reason of mental or other disability, age or illness; and who is or may be unable to take care of him or herself, or unable to protect him or herself against significant harm or exploitation.”

Should a more practical definition prove possible in future then this policy statement will be updated with it, by way of a revision.

B.7. Conditions

In the case of premises licences the council is aware of the extensive requirements set out for operators in the Gambling Commissions Licensing Conditions and Code of Practice. In this document the Gambling Commission clearly describe the policies and procedures that operators should put in place regarding:

- Combating problem gambling
- Access to gambling by children and young persons
- Information on how to gambling responsibly and help for problem gamblers
- Customer interaction
- Self-exclusion
- Employment of children and young persons

Any conditions attached to licences will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;
- fairly and reasonably related to the scale and type of premises; and
- reasonable in all other respects.

All applicants should familiarise themselves with the operator licence conditions and codes of practice relating to this objective and determine if these policies and procedures are appropriate in their circumstances. The council will communicate any concerns to the Gambling Commission about any absence of this required information.

Applicants should consider the following proposed measures for protecting and supporting vulnerable persons, for example:

- leaflets offering assistance to problem gamblers should be available on gambling premises in a location that is both prominent and discreet, such as toilets
- training for staff members which focuses on building an employee's ability to maintain a sense of awareness of how much (e.g. how long) customers are gambling, as part of measures to detect persons who may be vulnerable
- trained personnel for the purpose of identifying and providing support to vulnerable persons
- self-exclusion schemes
- operators should demonstrate their understanding of best practice issued by organisations that represent the interests of vulnerable people
- posters with GamCare Helpline and website in prominent locations
- windows, entrances and advertisements to be positioned or designed not to entice passers-by.

It should be noted that some of these measures form part of the mandatory conditions placed on premises licences.

The council may consider any of the above or similar measures as licence conditions should these not be adequately addressed by any mandatory conditions, default conditions or proposed by the applicant.

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures we will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. There are specific comments made in this regard under some of the licence types below. We will also expect the licence applicant to offer his/her own suggestions as to way in which the licensing objectives can be met effectively.

This licensing authority will also consider specific measures, which may be required for buildings, which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the

licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.

We will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- All such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults (over 18) are admitted to the area where these machines are located;
- Access to the area where the machines are located is supervised;
- The area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- At the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

These considerations will apply to premises including buildings where multiple premises licences are applicable.

It is noted that there are conditions that the licensing authority cannot attach to premises licences

- Any condition on the premises licence that makes it impossible to comply with an operating licence condition;
- Conditions relating to gaming machine categories, numbers, or method of operation;
- Conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
- Conditions in relation to stakes, fees, winnings or prizes.

B.8. Door Supervisors

There is no requirement for SIA registered Door Supervisors for casinos or bingo premises. For all other premises where the Gambling Act applies there may be a need for SIA registration and this should be considered on an individual basis. This will be consistent with the Gambling Act Guidance to Local Authorities.

The council will consider whether there is a need for door supervision in terms of the licensing objectives of protection of children and vulnerable persons from being harmed or exploited by gambling, and also in terms of preventing premises

becoming a source of crime.

It is noted though that the Gambling Act 2005 has amended the Private Security Industry Act 2001 and that door supervisors at casinos or bingo premises are not required to be licensed by the Security Industry Authority.

Where door supervisors are provided at these premises the operator should ensure that any persons employed in this capacity are fit and proper to carry out such duties. Possible ways to achieve this could be to carry out a criminal record (Disclosure and Baring Service) check on potential staff and for such personnel to have attended industry recognised training

B.9. Adult Gaming Centres

Adult gaming centres are a new category of premises introduced by the Act that are most closely related to what are commonly known as adult only amusement arcades seen in many city centres.

Under the Act a premises holding an adult gaming centre licence will be able to make category B, C and D gaming machines available and no one under 18 will be permitted to enter such premises

We will have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures in place

This licensing authority will expect applicants to offer their own measures to meet the licensing objectives however appropriate measures/licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

B.10. (Licensed) Family Entertainment Centres

We will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

Licensed family entertainment centres are those premises which usually provide a range of amusements such as computer games, penny pushers and may have a separate section set aside for adult only gaming machines with higher stakes and prizes.

Licensed family entertainment centres will be able to make available unlimited category C and D machines where there is clear segregation in place so children do not access the areas where the category C machines are located

Where category C or above machines are available in premises to which children are admitted then the council will ensure that:

- All such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance. For this purpose a rope, floor markings or similar provision will not suffice and the council may insist on a permanent barrier of at least 1 meter high
- only adults are admitted to the area where the machines (category C) are located
- access to the area where the machines are located is supervised at all times
- the area where the machines are located is arranged so that it can be observed by staff; and
- At the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

The licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling in these premises.

The licensing authority will expect applicants to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

The licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations

This licensing authority will expect applicants to offer their own measures to meet the licensing objectives however appropriate measures/licence conditions may cover issues such as:

- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.
- proof of age schemes
- a reduction in the number of betting machines (betting premises)
- the manning of premises
- a requirement that children must be accompanied by an adult
- enhanced Disclosure and Baring Service checks of the applicant and/or staff
- support to persons with gambling addiction
- policies to address seasonal periods where children may more frequently attempt to gain access to premises and gamble such as pre and post school hours, half terms and summer holidays
- policies to address the problems associated with truant children who may attempt to gain access to premises and gamble

Due to the nature of these premises, which are attractive to children, applicants who employ staff to supervise the premises should consult with the Independent Safeguarding Authority to determine if their staff needs to be Disclosure and Baring Service checked.

The licensing authority will refer to the Commission's website to familiarise itself with any conditions that apply to operating licences covering the way in which the area containing the category C machines should be delineated. The council will also make itself aware of the mandatory or default conditions and any Gambling Commission Codes of Practice on these premises licences.

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

B.11. Casinos

This licensing authority has resolved not to issue casino premises licenses under

Section 166 of the Gambling Act 2005 (Resolution made at the meeting of the Full Council on the 6th November 2006).

B.12. Bingo premises

Bingo is not given a statutory definition in the Act although two types of bingo are commonly understood:

- cash bingo, where the stakes paid make up the cash prizes that are won
- prize bingo, where various forms of prizes are won, not directly related to the stakes paid.

The game and rules of bingo have evolved to the point where, despite the absence of any formal industry standard, the way in which bingo is played is broadly similar throughout Great Britain. Bingo is equal chance gaming. The Commission has published its view of what bingo is and how it differs from other forms of gambling. This can be found in the advice note [What Constitutes Bingo](http://www.gamblingcommission.gov.uk/pdf/What%20constitutes%20bingo%20-%20advice%20note.pdf). This advice was developed with the support of key stakeholders from the Bingo industry. (Available at <http://www.gamblingcommission.gov.uk/pdf/What%20constitutes%20bingo%20-%20advice%20note.pdf>)

In addition this premises licence will authorise the provision of a limited number of gaming machines in line with the provisions of the Act

This licensing authority notes that the Gambling Commission's Guidance states:

It is important that if children are allowed to enter premises licensed for bingo that they do not participate in gambling, other than on category D machines. Where category C or above machines are available in premises to which children are admitted licensing authorities should ensure that:

- All such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults are admitted to the area where the machines are located;
- Access to the area where the machines are located is supervised;
- The area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder.
- At the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to

persons under 18.

Please note: Further guidance will be issued by the Gambling Commission concerning this and it will be incorporated into the policy when available.

B.13. Betting premises

We will, as per the Gambling Commission's Guidance, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/nature/circumstances of betting machines an operator wants to offer.

B.13.1. Betting machines in betting premises

The council is aware that Section 181 of the Act contains an express power for licensing authorities to restrict the number of betting machines, their nature and the circumstances in which they are made available by attaching a licence condition to a betting premises licence.

When considering whether to impose a condition to restrict the number of betting machines in particular premises, the council, amongst other things, will take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines.

Where an applicant for a betting premises licence intends to offer higher stake category B gaming machines (categories B2-B4) including any Fixed Odds Betting Terminals (FOBTs), then applicants should consider the control measures related to the protection of vulnerable persons.

Where certain measures are not already addressed by the mandatory/default conditions, Gambling Commission Code of Practice or the applicant, the council may consider licence conditions to address such issues..

B.14. Tracks

Tracks are sites (including racecourses and dog tracks) where races or other sporting events take place. Betting is a major gambling activity on tracks, both in the form of pool betting (often known as the "totalizer" or "tote"), and also general betting, often known as "fixed-odds" betting. Multiple betting outlets are usually located on tracks such as 'on-course' betting operators who come onto the track just on race days to provide betting for the races taking place on that track. There can also be 'off-course' betting operators who may operate self-contained

facilities at the tracks which offer customers the chance to bet on other events, not just those taking place on the track.

All tracks will require a primary 'general betting premises licence' that the track operator will hold. It should be noted that track operators do not require an operating licence from the Gambling Commission although they may apply for one. This is because the various other gambling operators offering betting at the track will each hold an operating licence.

Tracks may also be subject to one or more premises licences, provided each licence relates to a specified area of the track. This may be preferable for any self-contained premises providing off-course betting facilities at the track. The council will however assess each individual case on its merits before deciding if this is necessary. Where possible the council will be happy for the track operator to decide if any particular off-course operators should apply for a separate premises licence.

If any off-course operators are permitted to provide betting facilities under the authorisation of the track operator's premises licence, then it will be the responsibility of the premises licence holder to ensure the proper conduct of such betting within the premises boundary.

Gambling Commission guidance also indicates that it would be possible for other types of gambling premises to be located at a track under the authorisation of separate premises licences, e.g. a casino premises licence or adult gaming centre premises licence

Children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, although they are still prevented from entering areas where gaming machines and betting machines (other than category D machines) are provided.

The council will consider the impact upon the protection of children licensing objective and the need to ensure that entrances to each type of betting premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

B.15. Travelling Fairs

A fair is defined in section 286 of the Act. A travelling fair must "wholly or principally" provide amusements. These criteria will have to be met before the licensing authority decides whether, category D machines and/or equal chance prize gaming without a permit are made available for use at travelling fairs. We will bear in mind the statutory requirement that the facilities for gambling shall amount to no more than an ancillary amusement. There is a 27-day maximum period that any land can be used by any travelling fair per calendar year.

We will work with neighbouring authorities to ensure that land, which crosses our boundaries, is monitored so that the statutory limits are not exceeded.

B.16. Provisional Statements

We have noted the Guidance for the Gambling Commission which states that “It is a question of fact and degree whether premises are finished to a degree that they can be considered for a premises licence” and that “Requiring the building to be complete ensures that the authority could, if necessary, inspect it fully”.

In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant’s circumstances. In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- which could not have been raised by objectors at the provisional licence stage; or
- which is in the authority’s opinion reflect a change in the operator’s circumstances.

We have also noted the Gambling Commission’s Guidance that “A licensing authority should not take into account irrelevant matters.... One example of an irrelevant matter would be the likelihood of the applicant obtaining planning permission or building regulations approval for the proposal.”

B.17. Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities; however, it is for the licensing authority to decide whether the review is to be carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below, as well as consideration as to whether the request is frivolous, vexatious, or whether it is substantially the same as previous representations or requests for review.

- In accordance with any relevant licensing conditions and code of practice issued by the Gambling Commission
- In accordance with any relevant guidance issued by the Gambling Commission
- Reasonably consistent with the licensing objectives

- In accordance with the authority's statement of licensing policy

We as the licensing authority can also initiate a review of a licence based on any reason we think appropriate.

PART C

Permits, Temporary & Occasional Use Notices

C.1. Unlicensed Family Entertainment Centre gaming machine permits

Where a premise does not hold a premises licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238).

The term 'unlicensed family entertainment centre' is one defined in the Act and refers to a premises which provides category D gaming machines along with various other amusements such as computer games and penny pushers. The premises is 'unlicensed' in that it does not require a premises licence but does require a permit to be able to provide category D machines. It should not be confused with a 'licensed family entertainment centre' which requires a premises licence because it contains both category C and D gaming machines.

The Gambling Act 2005 states that a licensing authority may prepare a *statement of principles* that they propose to consider in determining the suitability of an applicant for a permit and in preparing this statement, and/or considering applications, it need not (but may) have regard to the licensing objectives and shall have regard to any relevant guidance issued by the Commission under section 25.

The Gambling Commission's Guidance for local authorities also states: "In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits, licensing authorities will want to give weight to child protection issues."

An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed Family Entertainment Centre (FEC), and if the chief officer of police has been consulted on the application.

The licensing authorities require applicants for a permit to demonstrate the following:

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and
- that staff are trained to have a full understanding of the maximum stakes and prizes.

It should be noted that a licensing authority cannot attach conditions to this type of permit.

This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures/training for staff as regards suspected truant school children on the premises, measures/training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on/around the premises.

In line with the Act, while the council cannot attach conditions to this type of permit, the council can refuse applications if they are not satisfied that the issues raised in this section have been addressed through the application.

Applicants only need to address the issues when making their initial applications and not at renewal time.

C.2. (Alcohol) Licensed premises gaming machine permits

C.2.1 Automatic Entitlement

S.282 of the Act provides an automatic entitlement to alcohol licence holders to make available two gaming machines (of category C or D) for use in alcohol-licensed premises. To take advantage of this entitlement, the person who holds the on-premises alcohol licence must give notice to the licensing authority of their intention to make gaming machines available for use, and must pay the prescribed fee.

If the person ceases to be the holder of the relevant alcohol licence for the premises, the automatic entitlement to the two gaming machines also ceases. Whoever applies for the new premises alcohol licence would also need to apply under s.282(2).

This is not an authorisation procedure. Licensing authorities have no discretion to

consider the notification or to turn it down. The only matter to determine is whether the person applying for the automatic gaming machine entitlement is the holder of the alcohol licence and whether the prescribed fee has been paid. There is no statutory requirement for pubs and other alcohol-licensed premises to display a notice of their automatic entitlement to gaming machines.

The licensing authority can remove the automatic authorisation in respect of any particular premises if

- Provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- Gaming has taken place on the premises that breaches a condition of s.282, for example the gaming machines have been made available in a way that does not comply with requirements on the location and operation of gaming machines
- The premises are mainly used for gaming; or
- An offence under the Gambling Act has been committed on the premises.

C.2.2 More than two machines

If a premise has more than 2 machines, then an application must be made for a permit and the licensing authority must consider the following:

- the licensing objectives
- any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005,
- and “*such matters as they think relevant.*”

We consider that “such matters” will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from harmed or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines.

Measures which will satisfy the authority that there will be no access may include

- the adult machines being in sight of the bar
- or in the sight of staff who will monitor that the machines are not being used by those under 18.

- Notices and signage are appropriately positioned

As regards the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets/helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre premises licence.

It should be noted that the licensing authority could decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for.

Conditions (other than these) cannot be attached. It should also be noted that the holder of a permit must comply with any Licence Conditions and Code of Practice issued by the Gambling Commission about the location and operation of the machine.

C.3. Prize Gaming Permits –

Prize gaming; S.288 defines gaming as prize gaming if the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming. Normally the prizes are determined by the operator before play commences. A prize gaming permit is a permit issued by the licensing authority to authorise the provision of facilities for gaming with prizes on specified premises.

Prize gaming without a prize gaming permit . Some operators have an entitlement to permit prize gaming with certain restrictions they are;

- Casinos
- Bingo operators
- Adult gaming centres
- Licensed family entertainment centres
- Travelling fairs

The licensing authority expects the applicant to set out the types of gaming that he or she is intending to offer and that the applicant should be able to demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations;
- and that the gaming offered is within the law.

In making its decision on an application for this permit the licensing authority does not need to have regard to the licensing objectives but must have regard to any Gambling Commission guidance.

It should be noted that there are conditions in the Gambling Act 2005 by which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:

- The limits on participation fees, as set out in regulations, must be complied with;
- All chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- The prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize);
- Participation in the gaming must not entitle the player to take part in any other gambling.

C.4. Club Gaming and Club Machines Permits

Members Clubs and Miners' welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Clubs Gaming machines permit.

The Club Gaming Permit will

- Enable the premises to provide gaming machines (3 machines of categories B4, C or D),
- Equal chance gaming and games of chance as set out in forthcoming regulations.

A Club Gaming machines permit will:

- Enable the premises to provide gaming machines (3 machines of categories B4, C or D).

Commercial clubs may apply for a 'club machine permit' only.

Gambling Commission Guidance states:

Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968.

A members’ club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men’s clubs, branches of Royal British Legion and clubs with political affiliations.”

Clubs must have regard to the protection of children and vulnerable persons from harm or being exploited by gambling. They must provide sufficient measures to ensure that under 18 year olds do not use the adult only gaming machines.

These measures may include:

- the machines being in close proximity to the bar, or in any other area where they are capable of being adequately supervised
- notices and signage
- the provision of information leaflets / helpline numbers for organisations such as GamCare.

The Commission Guidance also notes that licensing authorities may only refuse an application on the grounds that:

- the applicant does not fulfil the requirements for a members’ or commercial club or miners’ welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant’s premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or
- an objection has been lodged by the Commission or the police.

There is also a ‘fast-track’ procedure available under the Act for premises that hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). As the Gambling Commission’s Guidance for local authorities states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the ground upon which an authority can refuse a permit are reduced." and "The grounds on which an application under the process may be refused are:

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12;

- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."

There are statutory conditions on club gaming permits that no child uses a category B4 or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

C.5. Temporary Use Notices

The definition of Temporary Use Notices is found within part 9 of the Act. It allows the use of premises for gambling where there is no premises licence but the applicant holds the relevant operators licence.

Examples of premises that might be suitable for Temporary Use Notices are hotels, conference centres and sporting venues etc.

There are a number of statutory limits as regards temporary use notices. Gambling Commission Guidance is noted that "The meaning of "premises" in part 8 of the Act is discussed previously. As with "premises", the definition of "a set of premises" will be a question of fact in the particular circumstances of each notice that is given. In the Act "premises" is defined as including "any place". In considering whether a place falls within the definition of "a set of premises", licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises...This is a new permission and licensing authorities should be ready to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises."

Temporary use notices allow the use of premises on not more than 21 days in any 12 month period for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be useful for a temporary use notice would include hotels, conference centres and sporting venues.

Temporary Use Notices allow the use of premises for any form of equal chance gambling where those participating in the gaming are taking part in a competition which is intended to produce a single, overall winner.

Only persons or companies holding a relevant operating licence can apply for a temporary use notice to authorise the particular class of gambling permitted by their operating licence.

A temporary use notice must be lodged with the licensing authority not less than three months and one day before the day on which the gambling is due to take place. Detailed information about how to serve a temporary use notice will be available in a separate guidance note.

The Act makes a special reference, in the context of temporary use notices, to a “set of premises” to try and ensure that large premises which cannot reasonably be viewed as separate are not used for more temporary use notices than permitted under the Act. The council considers that the determination of what constitutes “a set of premises” will be a question of fact in the particular circumstances of each notice that is given. In considering whether a place falls within the definition of a “set of premises”, the council will look at, amongst other things, the ownership/occupation and control of the premises. The council will be ready to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises.

C.6. Occasional Use Notices

The licensing authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though consider the definition of a ‘track’ and whether the applicant is permitted to avail him/herself of the notice.

Small society lottery registrations

A lottery generally refers to schemes under which prizes are distributed by chance among entrants who have given some form of value for their chance to take part.

The Act creates two principal classes of lotteries: Licensed lotteries and exempt lotteries. Licensed lotteries are large society lotteries and lotteries run for the benefit of local authorities. These will be regulated by the Gambling Commission. Within the class of exempt lotteries there are four sub classes, one of which is small society lotteries.

A small society lottery is a lottery promoted on behalf of a non-commercial society as defined in the Act which also meets specific financial requirements set out in the Act. These will be administered by the council for small societies who have a principal office in Bromley and want to run such lottery.

A lottery is small if the total value of tickets put on sale in a single lottery is £20,000 or less and the aggregate value of the tickets put on sale in a calendar year is £250,000 or less.

To be ‘non-commercial’ a society must be established and conducted:

- for charitable purposes,
- for the purpose of enabling participation in, or supporting, sport, athletics or a cultural activity; or

- for any other non-commercial purpose other than that of private gain.

The other types of exempt lotteries are 'incidental non-commercial lotteries', 'private lotteries' and 'customer lotteries'. If you require guidance on the different categories of lotteries please contact the council. Or the Gambling Commission via their website.

Appendix A

Map of London Borough of Bromley Boundary



Appendix B

Contact details for “Responsible Authorities”

The Licensing Team	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	licensing@bromley.gov.uk 020 8313 4218 020 8461 7956/7546
Public Health Complaints Team	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	ehs.customer@bromley.gov.uk 020 8313 4800
Health and Safety Team (unless the premises are visited by HSE, see below)	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	health.safety@bromley.gov.uk 020 8313 4800
Chief Inspector of Weights and Measures	Public Protection North Block, Civic Centre, Stockwell Close, BR1 3UH	trading.standards@bromley.gov.uk 020 8313 4800
Planning Department	Planning Enforcement North Block, Civic Centre, Stockwell Close, BR1 3UH	planning@bromley.gov.uk

Bromley Safeguarding Children Board	Room B40A St. Blaise, Civic Centre, Stockwell Close, BR1 3UH	bscb@bromley.gov.uk 020 8461 7816
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Others

Metropolitan Police	Metropolitan Police Service Bromley Borough Police Station, High Street, BR1 1ER	licensing.py@met.police.uk 020 8284 9988
London Fire Brigade	Document Management 169 Union Street London SE1 0LL	FSR-AdminSupport@london-fire.gov.uk Telephone: 020 8555 1200 Ext. 37630
HSE Only if the premises are visited by the HSE and not the Council	HSE Rose Court 2 Southwark Bridge London, SE1	licensing.applications@hse.gsi.gov.uk
Gambling Commission Victoria Square House adixon@gamblingcommission.gov.uk Victoria Square Birmingham B2 4BP		
HM Revenue and Customs NRU Port Cullis Hse 21 India St nrubetting&gaming@hmrc.gsi.gov.uk Glasgow G2 4P2		

LOCAL JOINT CONSULTATIVE COMMITTEE

Minutes of the meeting held at 6.30 pm on 16 June 2015

Present:

Employer's Side

Councillor Russell Mellor (Chairman)
Councillor Stephen Carr
Councillor Ian Dunn
Councillor Simon Fawthrop
Councillor Tom Philpott
Councillor Colin Smith
Councillor Diane Smith
Councillor Tim Stevens J.P.
Councillor Michael Turner

Staff Side and Departmental Representatives

Jo Flanagan
Glenn Kelly, Staff Side Secretary
Mary Odoi, Unite
Gill Slater, Regeneration & Transformation
Service
Kathy Smith, Unite
Max Winters, Education & Care Services

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Cllr Nicholas Bennett, and Cllr Colin Smith acted as substitute.

Apologies were received from Cllr Angela Wilkins, and Cllr Ian Dunn attended as substitute.

Apologies were received from Adam Jenkins, and Jo Flanagan acted as substitute.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES FROM THE PREVIOUS MEETING OF LOCAL JOINT CONSULTATIVE COMMITTEE HELD ON 31st March 2015.

The minutes from the meeting held on the 31st March were agreed.

4 MEMBER TRAINING ON THE COMMISSIONING PROCESS AND CONTRACT MONITORING

The matter of training for Members concerning contract monitoring was revisited by Gill Slater for the Staff Side. She reiterated issues that had been discussed previously by the LJCC, where it was agreed that some form of training for Members should be formulated to provide a better understanding of the processes involved in the formulation and the monitoring of contracts.

The concern expressed by the Staff Side was that reports were not always adequately highlighting the risks and complexities of contracts to Members.

A Member reminded the Committee that what had been agreed at the previous meeting of the LJCC was to progress the matter of Member training for those Members who were interested, and not for trade union representatives.

Cllr Carr asked why the Staff Side were so interested in this particular matter.

Mr Glenn Kelly responded that the Staff Side were hoping to aid in the scrutiny process. He stated that Capita had lost the Housing Benefit contract, and that the unions had been aware for some time of hidden contractual problems. He informed the Committee that most unions had scrutiny trainers, and felt that the unions could help.

Cllr Turner expressed concern that the matter of Member training had been discussed for some time, but no decisions had been made. He proposed that the training relating to contracts that had been used internally, could be used to provide appropriate training to Members at very little cost.

Mr Kelly expressed the view that there was need for this process to be speeded up.

Cllr Fawthrop commented that the key was to ensure that officers dealing with contracts should be properly trained from the offset to avoid problems occurring later.

Cllr Dunn referred to the Executive & Resources PDS Committee of the 12th March 2015 where Capita reported and attended to answer questions. He stated that a Member had asked for further detail on the failure to meet the KPI of completing 95% of service requests within 5 days, and that the question was not answered on the night. He stated that contractors should not be allowed to get away with their failures.

Cllr Colin Smith expressed the view that funding should not be made available to fund member training, as Members were already paid and should be able to bring relevant experience and skills to the table. He felt that contracts could be adequately monitored via the PDS system. If problems emerged subsequently, then they would be vigorously investigated. He felt that there was no need for unions to be involved with the scrutiny of contracts.

Cllr Stevens expressed the view that there were certain Members that had requested training and that for those who were interested this should be facilitated. He stated that any such training would be for Members only, and not for union representatives.

Kathy Smith declared that understanding was required, and that it was important for those scrutinising contracts to know what they were doing and to be able to ask the right questions.

Cllr Fawthrop highlighted that resources were not available for extensive training, and that scrutiny of contracts could work through the PDS Committees, as long as Members were able to look at the documentation in plenty of time.

Mr Kelly stated that LBB had a “thin client side” that was under resourced which was a problem. The unions were offering to help and to add resource and expertise.

Cllr Carr expressed the view that these were matters that could be dealt with by the PDS Committees and the Executive, and this was a view endorsed by Cllr Diane Smith.

Cllr Turner pointed out that most Members did not have experience with contracts and so would require training. He felt that it was very important to avoid problems with contracts from the offset, and that perhaps a dedicated Committee should be established to deal with the scrutiny of contracts.

The Director of Human Resources commented that training had a role, but it should not supplant but rather complement other measures aimed at improving the Council's capacity to manage and monitor outsourced services.

He maintained that LBB officers did not lack the ability to monitor and scrutinise contracts and in most cases were successful in doing so. He was of the opinion that there was no requirement or need for the unions to be involved in contract scrutiny, and that this would be unworkable.

The Chairman closed by stating that details of contracts were published by Mr Dave Starling, and that these details went to the E&R PDS Committee; the staff side were free to ask questions at PDS Committees, and to ask questions of procurement officers.

It was RECOMMENDED that further consideration be applied to the training of Members with respect to contract monitoring, but that this would not include training for union representatives.

5 EMPLOYEE REPRESENTATION ARRANGEMENTS

Kathy Smith stated that Unite had offered to pay all the expenses for a Unite Branch Secretary, and so this would not cost the Council anything. She requested that management release her back into her Trade Union role. She highlighted that her manager in the library was not happy with the current arrangement whereby Kathy had to ask for time off for Trade Union activities, as this was disruptive to the working of the library. It was also disruptive to pull out other trade union representatives from other parts of the Council.

Cllr Carr pointed out that the LJCC did not make decisions; the current position that the Council had adopted with respect to trade union representation would be reviewed in the future. He pointed out what he

regarded as the needless disruption and problems that the recent strike action had caused, and questioned if the unions were properly aware of the consequences of their actions. Cllr Carr continued that permission would be given by the Council where appropriate for Trade Union duties, and that it was hoped to streamline the process in the near future.

Mr Kelly commented that Cllr Carr had not addressed the question, and that there was a statutory duty on the Council to allow for Trade Union duties. He stated that there were problems with the current set up, and that the original problem highlighted by the council was a financial one that would now be resolved if the UNITE offer was accepted by the Council.

Mr Kelly asked why the Council would reject the proposal if the issue was purely financial, and was the offer of financial assistance from the unions conveyed to Members. He also mentioned that the Council may face legal action from the Unions.

The Director commented that the unions had ample time during the extensive consultation period to put the offer to the Council but failed to do so at the time. The new arrangement was consistent with the Council decision to cease staff representation secondment, and any request for time off for legitimate trade union duties would be properly considered and balanced against the Council's service delivery interests. He further stated that the time that was allowed had to be "reasonable", and that it may not be possible to get time off for every request. The Chairman stated that the current position would be kept under review.

Cllr Fawthrop asked what would be an objective test of what was "reasonable" in terms of time allowed for trade union duties. The Director responded that time off would be allowed for a "duty", and not an "activity". It would need to be for a situation that had arisen that would impact on the terms and conditions of an employee. It was the case that the current situation could be managed and that there had been a need for change. Cllr Fawthrop responded that there was a danger that an objective test could change to a subjective test, based on the fact that no legal threshold had been established. This may be a matter that the Committee could revisit in the future.

Cllr Dunn asked if the matter could be reviewed now, and subsequently be referred back to the GP&L Committee. The Chairman responded that for now it would be more appropriate to maintain the status quo whilst keeping the matter under review, and that any future change would need to be ratified by the GP&L Committee.

6 TUPE PROBLEMS

The Staff Side expressed their concerns over TUPE arrangements for LBB staff moving over into the private sector. They expressed concern that LBB had agreed to cover any redundancy costs that may occur. Their view was that this gave the impression that LBB were setting up staff for redundancy.

The Staff Side referred to a situation where staff had moved over to work for a private contractor, and where TUPE conditions were changed the day after moving over. It was stated that the workers concerned felt desolate. The Staff Side noted problems with the Landscape contract, and related this to the problems with contract monitoring that had been discussed previously. The Staff Side expressed the view that LBB could be liable for potential legal costs as a Co-Respondent. They asked if decisions were being made on a rational basis, and were Members being fully informed.

The Chairman commented that contractors would have a duty to comply with any legal requirements. The Director stated that there was a process to be adhered to, and that it was a flawed argument to suggest that LBB could control the actions of contractors. He stated that transferees or contractors could decide as a measure, that redundancies could take place and staff and their representatives would be duly consulted on this before the transfer; but any redundancy dismissal would take place after the transfer. The Director further stated that LBB could not be held liable in the courts for redundancies imposed by the contractor.

Mr Dan Jones (Assistant Director-Street Scene and Green Space) stated that in some exceptional cases potential redundancy costs were currently incorporated into contracts and noted on the relevant reports. These elements were reflected in the cost of the contract.

Cllr Colin Smith informed the Committee that the Landscape Group had joined with another organisation, and this should result in improvements.

A Member enquired if the liability for redundancy payments was time limited, and Mr Dan Jones responded that this was the case.

7 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 21st October 2015.

The Meeting ended at 7.45 pm

Chairman

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AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 25 June 2014

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Alan Collins (Vice-Chairman)
Councillors Nicholas Bennett J.P., Ian Dunn,
Simon Fawthrop and Peter Fortune

Also Present:

Linda Pilkington and Luis Remedios

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS.

Apologies were received from Councillor Onslow.
Councillor Peter Fortune substituted for Councillor Onslow.

2 DECLARATIONS OF INTEREST

Councillor Fortune declared an interest as a Bromley school teacher, and as a member of the Board of Affinity Sutton Homes. Councillor Fortune also declared that his wife was a Bromley school teacher.

Councillor Fawthrop declared an interest as his wife was employed by Bromley Adult Education.

Councillor Reddin declared an interest as a governor of St Olave's School, and as the parent of a child at Warren Road Primary School.

Councillor Fawthrop declared an interest as the parent of a child attending a Bromley school.

Councillor Nicholas Bennett declared an interest as a member of the Scrutiny Board of Affinity Sutton.

3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

4 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 12th MARCH 2014--EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 12th March 2014 (excluding exempt information) be confirmed.

5 MATTERS ARISING REPORT

Report CSD 14076

The matter concerning the play equipment at Hookwood Road, Pratt's Bottom had been fully investigated. It was found that the specification of the play equipment was compatible with the rural setting of the park. The matter could now be closed.

It was noted that the issue of placement waivers being scrutinised by PDS Committees had also been resolved subsequent to the Assistant Director for Commissioning forwarding details of the process to the Head of Internal Audit.

The matter of the Value for Money Study offered by CIPFA was ongoing, and the Committee would receive an update at the November 2014 meeting.

RESOLVED

(1) that the Matters Arising report be noted

(2) that the matters arising concerning the placement waivers and the play equipment be closed

(3) that an update on the Value for Money study offered by CIPFA be provided to the Audit Sub Committee in November 2014

6 ANNUAL AUDIT REPORT

This report was written by Luis Remedios, Head of Audit.

Commentary:

The Annual Report of Audit Activity in 2013/14 was written for Member information and was also intended to assist the Council in meeting the financial management and internal control requirements of the Accounts and Audit Regulations 2011. Part of the overall arrangements required the Chief Executive and the Leader to sign an annual governance statement. Included in this report were highlights of the performance of the Internal Audit function, a summary of the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment based on this work and the Annual Governance Statement. Members noted that schools were now included within the report but there was an annual fraud report elsewhere on the agenda.

It was noted by the Committee that Internal Audit work and outputs had been reviewed by External Audit who concluded that Internal Audit were providing a satisfactory service. It was further noted by the Sub-Committee that Internal Audit had completed the high risk audit reviews that had been scheduled in 2013/14 and had received positive feedback from client departments.

The Committee was made aware that over the past year there had been five major investigations reported to the Committee. The resulting investigations, other fraud work, and monitoring the Greenwich partnership had used up a lot of officer time. The summary of audit work undertaken so far had resulted in 86 reports, including schools.

The Committee commented and noted Section 3.31 on page 23 of the agenda, "*Recommendations by Category*". It was noted that **Authorisation Issues** had increased by 6% from the previous year, from 1% to 7%. It was also noted that there was an increase in **Breach of Contract/SLA** issues from 4% to 6%. The Committee were impressed by the fact that **Breach of Financial Regulations or Procedures** had decreased from 11% to 3% which was good progress. The Committee expressed some concern that **Supervisory/Monitoring** issues were high at 27%. The Committee were impressed that there was good improvement concerning **School Primary Accounting Documentation**, with issues falling by 11%.

Members were satisfied about the outcome of the **Integration of Public Health Audit** that was referred to on page 45 of the **Annual Governance Statement**. The pre-integration check by Internal Audit had shown that the integration was progressing satisfactorily.

Councillor Fawthrop noted page 35 of the AGS (Annual Governance Statement) with reference to Bromley being a "value for money council." Councillor Fawthrop questioned how LBB could be a value for money council if no value for money audit had taken place. The Chairman pointed out that responsibility for ensuring value for money extended across the council and was not solely that of Audit.

Councillor Fawthrop remarked that there should be less reliance on external audits, and more reliance on internal audits.

RESOLVED that:

(1) the Annual Audit Report 2013/14 be noted

(2) The Sub-Committee approved the Draft Annual Governance Statement

7 INTERNAL AUDIT PROGRESS REPORT

Report CEO 1409

The Internal Audit Progress Report was written by Luis Remedios, Head of Audit.

The report informed Members of recent audit activity across the Council and provided updates on matters arising from the last Audit Sub Committee. It covered:

- Priority One Recommendations
- Audit Activity
- Waivers
- Publication of Internal Audit Reports
- Auditor of the Year
- Housing Benefit Update
- Other Matters
- Risk Management

The Head of Audit introduced the report by explaining that this report covered the last two months of internal audit activity. There would be a further report written in September 2014, and this would be circulated to the Audit Sub-Committee Members by email in October 2014. Much time had been spent on completing work from the previous year, and much time had also been given to the investigation of the part two fraud investigations.

The Committee referred to Section 3.5 of the report on page 50 of the agenda—**Looked After Children (LAC)**. It was noted that two areas of concern had been identified by the London Borough of Wandsworth Audit Team. The first of these was that proper controls for evidencing funding approvals for placement decisions were not in place. In one instance it was identified that an over payment of £11,336.00 had been made; action had been taken to recover the over payment.

A secondary issue that had been identified with respect to LAC, was that the completion of assessments and reviews was often failing to take place within statutory timescales. If this was not rectified, there was a danger of both sanctions and reputational damage.

Recommendations to deal with these issues were being implemented.

The Committee referred to Section 3.7 of the report. This was another audit problem that had been identified by the LBW Audit Team. It was noted that there were problems in many services around the issue of **ordering and invoices**. There were many cases where orders had been raised after invoices had been received. This caused problems in that commitment to expenditure was not reflected in budgets. The Vice Chairman expressed surprise and concern at this, and stated that it was really an easy problem to solve. The matter had been raised by the Chief Executive, in recent

meetings with chief officers and senior managers and it was clear that this practice was not acceptable. Members had asked if the worst offenders were being targeted and the Head of Audit responded that they were but given the number of retrospective orders of 3,290 over a four month period it was a corporate problem. This recommendation was accepted by management for implementation.

The Committee noted Section 3.8 (page51) of the report, which related to **TCES** (Transforming Community Equipment Services). It was noted that there had been numerous problems with the verification of Invoices Submitted as outlined in the report. It appeared that there were no proper audit trails or challenges, no proper stock control, differences in the charge out rate for non-stock items stored to that specified in the contract, no analysis of speed rates charged, no challenge where the number of collection and deliveries charged on the invoice differed to that of the monthly statistics supplied by the contractor, and no challenge where the unit cost of the equipment supplied varied with the contracted specification rate. Performance measures specified in the contract were not being submitted by the contractor other than collections and deliveries. The Chairman commented that the report did outline a lack of competency on the part of the contractors and speculated if this was reflected in their general service levels. The Committee were assured that management had accepted that more detailed checks needed to be made on the monthly invoices before payment was made. In future, managers would be required to check a sample of transactions on the invoices.

The Committee considered Section 3.19 of the report. The introduction of the **FBM** (Full Budget Monitoring) system was noted. The Committee were informed that the budget monitoring review rates over the last five months, varied between 26% and 64%. The Committee were unhappy with these figures, and felt that they were not acceptable. The Committee considered possible reasons why the percentage compliance rates were low and below targets. Councillor Nicholas Bennett felt that middle management was not good enough, and that also there should be more involvement at Director Level to ensure compliance. Councillor Fawthrop commented that there would also be a failure to monitor cumulative spend on the part of budget holders by not engaging in the FBM process. The Committee intended to monitor the FBM compliance statistics, and to see what the figure was in November. Councillor Fawthrop proposed a motion that if the compliance rates were below 85%, then Directors should be called to account to the Sub-Committee. This motion was seconded by the Chairman.

The Committee next considered the matter of the **Waivers Procedure** as outlined in Section 3.27-3.30 of the report. The Committee was happy with the way that Care Services and Education PDS Committees undertook the scrutiny of placements. It was therefore agreed that placement waivers were no longer required to be reported to the Audit Sub-Committee.

The next matter that the Committee discussed were the nominations for "**Auditor of the Year**". The work of two Auditors (A and B) was outlined on the report. The Committee considered the work of both auditors, and they

were both highly commended. The Committee decided that Auditor B should receive the nomination.

The Committee noted that the DWP were in the process of setting up a **Single Fraud Integrated Service**, and that this would take effect in LBB from 1st July 2015. It was noted that LBB's fraud contract with RB Greenwich had previously expired in March 2014 and had been extended for a year. LBB were looking into any possibilities that may exist to continue to employ the services of RB Greenwich under the new arrangements subsequent to 1st July 2015.

The Committee next turned their attention to Section 3.46 of the report, which was a review of **Value for Money Arrangements**. The Head of Audit stated that due to conflicting pressures the work had not yet been completed and that two of these audits were outstanding. Councillor Bennett stated that he felt that such matters should be for Departmental Finance Officers to deal with, and not Audit. The Chairman suggested that value for money should be the responsibility of every officer, and that it was a matter for audit to scrutiny. Councillor Bennett averred that each department should be responsible for approximately four reviews per year, and that ultimate responsibility for this should rest with departmental heads. He also felt that the findings of these reviews should be conveyed to PDS Committees. The Vice Chairman (Councillor Collins) agreed with this. Councillor Bennett advocated that the matter of departmental value for money reviews should be referred to the Executive and Resources Committee.

Councillor Bennett stated that when reviewing VFM arrangements departmentally, consideration should be given by department heads as to what assistance could be given to managers, what sort of targets they should be working to, and how processes could be streamlined. These were matters that should be adopted without compromising financial regulations. Councillor Fawthrop asked how VFM studies could be pursued in conjunction with commissioning, and suggested that perhaps there should be benchmark clauses. The Chairman stated that it may be a good idea if contracts had KPI's (Key Performance Indicators). Councillor Fawthrop suggested that it may be a good idea to audit contracts for KPI's. The Vice Chairman suggested that it may be prudent to appoint a delegated person to look at VFM issues for three departments. The Chairman declared that it may be advisable to request the Executive and Resources Committee to set up a Working Party to report on VFM.

It was agreed by the Committee that a referral be made to the Executive and Resources Committee to make provision for a Working Group to consider the matter of how departments could review VFM arrangements.

RESOLVED that:

(1) the Internal Audit Progress Report be noted

(2) a referral be made to the Executive and Resources Committee to make provision for a Working Group to consider the matter of how departments could review VFM arrangements

(3) an email update be sent from the Head of Audit to Committee Members in October 2014 to provide an update on the progress of internal audit activity

(4) if the compliance rate with respect to the Full Budget Monitoring system was below 85%, then Directors should be called to account to the Sub-Committee.

(5) placement waivers were not required to be reported to the Audit Sub-Committee

(6) the list of internal audit reports publicised on the web be noted, and the reports approved where exemptions were sought

(7) auditor B was nominated to receive the award of auditor of the year

(8) the continuing achievements of the counter fraud benefit partnership with the Royal Borough of Greenwich be noted

(9) the impending changes to the counter fraud partnership with RB Greenwich be noted.

8 INTERNAL AUDIT PROGRESS REPORT INFORMATION BRIEFINGS

RESOLVED that the publicised internal audit reports be noted.

9 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 the public be excluded during consideration of the items of business referred to 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 or public were present—there would be disclosure to them of exempt information.

10 EXEMPT MINUTES OF THE MEETING HELD ON 12th MARCH 2014

RESOLVED that the exempt minutes of the meeting held on 12th March 2014 be agreed.

11 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1410

This report was written by Luis Remedios, Head of Audit.

This report informed Members of recent Internal Audit activity on fraud and investigations across the Council and provided an update on matters arising from previous Audit Sub Committee meetings. The report detailed updates on previously reported cases, expanded on cases of interest, detailed cases on the fraud register, provided a further update on the results of the 2012 National Fraud Initiative (NFI) and detailed the reasons given for exemptions sought for not publicising four investigation reports.

RESOLVED that the Internal Fraud and Investigation Report be noted.

12 ANNUAL INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1407

This report was written by Luis Remedios, Head of Audit.

This was the fourth annual fraud report that summarised all fraud and investigations undertaken for 2013/14. The report informed Members of all the fraud and investigation activity for 2013/14. It summarised all the allegations of fraud that had been received, investigations of matters not fraud related but breach of financial regulations/procedures, results of the housing benefit partnership with the Royal Borough of Greenwich and findings from the National Fraud Initiative (NFI) data matching exercise. The report also referenced other matters such as trends in fraudulent activity, training staff in fraud awareness, proactive exercises in council tax, addressing key fraud risks, the fraud training toolkit for staff and future arrangements for the investigation of benefit fraud.

RESOLVED that the contents of the Annual Internal Audit Fraud and Investigation Report be noted.

The Meeting ended at 8.45 pm

Chairman

INDUSTRIAL RELATIONS SUB-COMMITTEE

Minutes of the meeting held at 6.00pm on 9 July 2015

Present:

Councillor Stephen Carr (Chairman)
Councillor Colin Smith (Vice-Chairman)
Councillors Councillor David Cartwright, Councillor Diane Smith, Councillor Tim Stevens J.P. and Councillor Richard Williams

7 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

8 DECLARATIONS OF INTEREST

Councillor Richard Williams declared that he was a member of Unite.

9 MINUTES OF THE MEETING HELD ON 8TH APRIL 2015 (EXCLUDING EXEMPT INFORMATION)

RESOLVED that the minutes of the meeting held on 8th April 2015 (excluding exempt information) be confirmed.

10 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 referred to 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.

**The following summaries
refer to matters
involving exempt information**

11 EXEMPT MINUTES OF THE MEETING HELD ON 8TH APRIL 2015

The exempt minutes of the meeting held on 8th April 2015 were confirmed.

12 INDUSTRIAL ACTION BY UNITE AND UNISON

The Sub-Committee agreed to consider an urgent report on industrial action by Unison.

The Meeting ended at 6.08 pm

Chairman

LOCAL PENSION BOARD

Minutes of the meeting held at 2.00 pm on 27 July 2015

Present

Jane Harding, Glenn Kelly, Lesley Rickards and Brian Toms

Also Present

David Kellond, Pensions Manager
Keith Pringle, Democratic Services

1 INTRODUCTIONS AND APPOINTMENT OF CHAIRMAN

Following introductions, it was agreed to elect a Chairman at the Board's next meeting.

The first meeting provided an opportunity to explore the purpose of the Pension Board and the role of Board members. To facilitate this, Mr Kellond, L B Bromley Pensions Manager, chaired the meeting.

2 EXPLANATION OF STATUTORY REQUIREMENT ON CONFLICTS OF INTEREST

The 'seven principles of public life' would be applied to members of the Pension Board and Board members would be required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the L B Bromley.

In line with the Public Service Pension Act 2013, a Board Member must not have a financial or other interest that could prejudice them in carrying out their Board duties (excluding a financial or other interest by virtue of LGPS membership).

Material on declarations and interests provided to L B Bromley Councillors and Co-opted Members was handed to each Board Member with a request that the Notification of Interests form be completed and returned to the Pensions Manager. An enquiry was made on whether the Council would be prepared to indemnify Board members should they incur any liabilities in their role. However, this was felt unnecessary as the Board had no decision making powers and a remit to assist the administering authority.

3 DECLARATIONS OF INTEREST

There were no declarations.

In line with advice above and the Board's terms of reference, declarations of interest would be a standard item at the start of each Local Pension Board meeting.

4 ADOPTION OF THE TERMS OF REFERENCE

It was felt that a role on the Board involved a significant amount of work which needed more than one meeting per year. It was proposed the Board meet on no less than four occasions per year to correspond with the frequency of Pensions Investment Sub Committee meetings. The frequency could be amended if necessary after twelve months. This was unanimously agreed by Board Members and would be referred to the Director of Finance for consideration, in consultation with the Chairman of Pensions Investment Sub Committee and the Chairman of General Purposes and Licensing Committee, in line with approved delegations. Board members were encouraged to attend meetings of the Pensions Investment Sub Committee. The Pensions Manager would also ensure that links to relevant guidance is provided to members.

It was noted that the Terms of Reference did not include a budget for the Board's work, the Board being funded from the Pension Fund. It was felt necessary to consider costs such as Board member training, meeting attendance, and costs associated with the Board's work programme.

Consideration would be given to such matters when the Board was clear on its work programme although no provision had been made or approved to provide an annual budget for the Board. Requests for re-imbusement of travel expenses for attending Board meetings or training were to be sent to the Council's Chief Accountant.

5 ROLE OF THE LOCAL PENSION BOARD

Paragraph 3 of the Terms of Reference outlined the role of the Local Pension Board and paragraph 6 highlighted some principle functions of the Board.

The Board would oversee matters such as communications with employers and scheme members, and review proposed new and existing policies before consideration by the Pensions Investment Sub Committee. The Board would also receive Liberata's monthly service level report linked to administration performance. Compliance on Pension Fund investment regulations would continue to be for the Pension Investment Sub Committee rather than Local Pension Board. However, a focus for the Board would be the administration behind paying the pension to fund members. The Liberata monthly report provided an informative document in this respect.

It was suggested that members had particular interests and skills which could enable a degree of specialisation on matters. It was also suggested that issues could be looked at on an annual basis.

The number of members on Local Pension Boards across local authorities varied. Some authorities such as Bromley had four members, others had more. However, the composition of Bromley's Board was entirely in line with the minimum statutory

requirement i.e. two member representatives and two employer representatives.

The Pensions Investment Sub Committee was due to next meet on 23rd September 2015 and it was suggested that the Board meet in October following the Sub-Committee's meeting. The Annual Report of the Pension Fund would be available as would the external Audit Report on the Fund. Issues concerned with how the authority communicates with scheme members could also be considered.

6 SUMMARY OF THE PENSION FUND POSITION

The Pensions Manager agreed to enquire whether members could receive copies of the quarterly Fund Manager reports provided to Pension Investment Sub Committee meetings (**ACTION: Pensions Manager**).

As far as possible, officers would submit information to Board members electronically (including links to documents). Board Members would be able to ask questions at Pensions Investment Sub Committee meetings.

It was suggested that hearing advice on how the scheme operated along with concerns (e.g. costs) could assist the Board consider areas to examine. Administration costs were important along with the balance of active and passive investment. Establishing the actual charges of Fund Managers was also highlighted - it could be beneficial to the authority if the Board were able to help achieve savings in this area.

If required information was unavailable from documents to be provided (or from reports to the Pensions Investment Sub Committee), the Pensions Manager invited members to make contact. It could also be possible for the Director of Finance or the Principal Accountant to give advice at a Board meeting. Attendance at Pension Investment Sub Committee meetings would also enable Board members to understand the latest position on matters.

Work was being taken forward across London to establish a Collective Investment Vehicle although L B Bromley was currently opposed to any mandatory inclusion in the scheme. Bromley's Fund had performed well over a number of years without the need for a collective investment approach. Further information could be provided by the Director of Finance at a future Board meeting if required.

7 PENSION SCHEME DOCUMENTATION

Examples of available online documents include:

- Pension Fund Annual Report (2014)
- Actuarial Valuation Report (March 2013)
- Statement of Investment Principles
- Compliance principles and

- Communications policy

Work was being taken forward on an administration strategy and the views of members would be sought on this (possibly between meetings).

A cessation policy document was also being considered related to the ending of a contracted out service involving LGPS members (e.g. service being taken in-house). It was necessary to be clear on how pension considerations at the end point would be dealt with.

Board members were encouraged to check online the dates of future Pension Investment Sub Committee meetings.

Pension items could also be considered by the Council's General Purposes and Licensing Committee (parent Committee to the Pensions Investment Sub Committee) and the Pensions Manager would alert members to any future item of interest. On key matters where an existing policy was being reviewed or a new policy developed, relevant documents would be submitted to Board members in any case.

8 TRAINING REQUIREMENTS AND TIMETABLING

Training could be provided by certain providers or it could be Local Government specific. Members were recommended to study the Public Service Toolkit on the Pensions Regulator website and a link to the toolkit would be provided to members.

A member preferred to undertake training as and when needed rather than attend bulk training which might not be needed. Another member preferred a general overview during daytime. Similarly, a further member would appreciate general training on the role of the board and training to improve LGPS knowledge. A further view expressed merit in starting training at basic level.

The Pensions Manager would look at whether there were any suitable training opportunities being provided by the Local Government Association; it may be beneficial to combine training with other local authorities if possible.

As set out in the approved Terms of Reference, no remuneration would be paid for membership of the Local Pension Board. A member felt it important that adequate resources be provided and that members should not lose out financially in their role. There may be instances, such as the need to take unpaid leave for Board attendance, where a member would need to be compensated. However, this would require a change to the current Terms of Reference which would need the relevant approval.

It was confirmed that those administering the Pension Fund would need to approve expenditure and resourcing. Another member preferred to provide a receipt for car mileage and printer costs as and when rather than have to submit within a month of expenditure.

Noting comments made, the Pensions Manager offered to take these back and establish what amendments could be made to the Terms of Reference under approved delegations. Further enquiries would also be made on training provision and dates. These would be emailed to members. Where possible, training would be arranged before the Board's next meeting.

Concerning administration of the Pension Fund and payment of pensions, members were handed a copy of the Liberata performance report for June 2015.

9 WORK PROGRAMME AND ANY OTHER BUSINESS

For the Board's October meeting it was suggested that the agenda include:

- Training
- Pension Fund Audit Report and
- Pension Fund Annual Report

A Pension Fund Strategy document was available online and could be provided to members; however, the Board's key role was to monitor compliance with regulations and monitor the validity of decisions. If, in confirming compliance, members felt that a matter could be achieved in a better way, members could make suggestions if they so wished.

As a standing item, a member also suggested having a forward look item on future agendas.

It was agreed that member contact details could be shared amongst the Board's membership and officers.

The next meeting was provisionally agreed for 26th October 2015.

The Meeting ended at 3.12 pm

Chairman

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APPEALS SUB-COMMITTEE

Minutes of the meeting held at 9.30 am on 13 August 2015

Present:

Councillor Melanie Stevens (Chairman)
Councillors Councillor Julian Benington and Councillor
Pauline Tunnicliffe

1 APPOINTMENT OF CHAIRMAN

Councillor Melanie Stevens was appointed as Panel Chairman

2 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

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 consideration of the item of business referred to 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.

**The following summary
refers to matters
involving exempt information**

5 APPEAL - ILL HEALTH DISMISSAL - SH

The Sub Committee considered an appeal against ill health dismissal.

The Meeting ended at 1.00 pm

Chairman

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