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DATE: 22 July 2020

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Pauline Tunnicliffe (Chairman)

Councillor Stephen Wells (Vice-Chairman)

Councillors Gareth Allatt, Vanessa Allen, Mary Cooke, Robert Evans, Kira Gabbert, Josh King, Christopher Marlow, Russell Mellor, Tony Owen, Neil Reddin FCCA, Melanie Stevens, Harry Stranger and Michael Turner

A meeting of the General Purposes and Licensing Committee will be held on
THURSDAY 30 JULY 2020 AT 6.00 PM.

PLEASE NOTE: This will be an online virtual meeting, and a link will be available on the Council website to enable members of the press and public to see and hear the Committee. The link will be published before the start of the meeting.

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**

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting - by 5pm on Thursday 16th July 2020.

Questions specifically on reports on the agenda should be received within two working days of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **5pm on Friday 24th July 2020.**

- 4 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 13TH AND 18TH MAY 2020**
(Pages 3 - 6)
(Minutes from 18th May 2020 to follow)
- 5 AUDIT OF FINANCIAL STATEMENTS 2018/19**
(Pages 7 - 232)
- 6 LICENSING ACT 2003: STATEMENT OF LICENSING POLICY FOR 2021-26**
(Pages 233 - 294)
- 7 WORK PROGRAMME AND MATTERS OUTSTANDING**
(Pages 295 - 298)

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GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the special meeting held at 7.35 pm on 13 May 2020
following the annual meeting of the Council

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Gareth Allatt, Vanessa Allen, Mary Cooke,
Robert Evans, Kira Gabbert, Josh King,
Christopher Marlow, Russell Mellor, Tony Owen,
Melanie Stevens, Harry Stranger and Michael Turner

Also Present:

Other Members of the Council

71 PROPORTIONALITY OF SUB-COMMITTEES

RESOLVED that the proportionality of Sub-Committees be agreed as follows –

	Size	Conservative	Labour	Independent
Audit Sub-Committee	7	6	1	0
Industrial Relations Sub-Committee	7	6	1	0
Local Joint Consultative Cttee	9	8	1	0
Pensions Investment Sub-Committee	7	6	1	0
Rights of Way Sub-Committee	7	6	1	0

72 MEMBERS OF SUB-COMMITTEES

RESOLVED that the Schedule of Members to serve on the Sub-Committees of the General Purposes and Licensing Committee be agreed as below.

(i) AUDIT SUB-COMMITTEE

	Councillors
1	Neil Reddin (CH)
2	Robert Evans (VC)
3	GARETH ALLATT
4	Ian Dunn (LAB)
5	Keith Onslow
6	Tony Owen
7	STEPHEN WELLS

(ii) INDUSTRIAL RELATIONS SUB-COMMITTEE

(To include Leader, Deputy Leader, Chairman and Vice-Chairman of the General Purposes and Licensing Committee.)

	Councillors
1	Colin Smith (CH)
2	Peter Fortune (VC)
3	David Cartwright
4	Simon Fawthrop
5	Josh King (LAB)
6	Pauline Tunncliffe
7	Stephen Wells

(iii) LOCAL JOINT CONSULTATIVE COMMITTEE

(To include Leader or named Deputy, Chairman of Executive, Resources and Contracts Policy Development and Scrutiny Committee or named Deputy and Chairman of the General Purposes and Licensing Committee or named Deputy)

	Councillors
1	Russell Mellor (CH)
2	David Cartwright
3	Simon Fawthrop
4	Will Harmer
5	Josh King (LAB)
6	Kate Lymer
7	Colin Smith
8	Pauline Tunncliffe
9	Michael Turner

(iv) PENSIONS INVESTMENT SUB-COMMITTEE

	Councillors
1	Keith Onslow (CH)
2	Gareth Allatt (VC)
3	Simon Fawthrop
4	Simon Jeal (LAB)
5	David Jefferys
6	Christopher Marlow
7	Gary Stevens

(v) RIGHTS OF WAY SUB-COMMITTEE

	Councillors
1	Michael Rutherford (CH)
2	Mike Botting (VC)
3	Vanessa Allen (LAB)
4	Simon Fawthrop
5	Robert Mcilveen
6	Harry Stranger
7	Michael Tickner

73 APPOINTMENT OF CHAIRMEN AND VICE-CHAIRMEN OF SUB-COMMITTEES

RESOLVED that the following Councillors be appointed as Chairman and Vice-Chairman of the Sub-Committees of the General Purposes and Licensing Committee.

Audit Sub-Committee	Neil Reddin	Robert Evans
Industrial Relations Sub-Committee	Colin Smith	Peter Fortune
Local Joint Consultative Committee	Russell Mellor	(Staff-side appointment)
Pensions Investment Sub-Committee	Keith Onslow	Gareth Allatt
Rights of Way Sub-Committee	Michael Rutherford	Mike Botting

74 APPOINTMENT OF APPEALS SUB-COMMITTEE

RESOLVED:

(1) That all Members of the Council, except Executive Members, be eligible for appointment to the Appeals Sub-Committee.

(2) Three Members be drawn as required, to constitute an Appeals Sub-Committee.

75 APPOINTMENT OF LICENSING SUB-COMMITTEE

RESOLVED:

(1) That all Members of the General Purposes and Licensing Committee be eligible for appointment to the Licensing Sub-Committee;

(2) Three Members be drawn as required, to constitute a Licensing Sub-Committee.

The Meeting ended at 7.36 pm

Chairman

Report No.
FSD20059

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 30th July 2020

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

Title: AUDIT OF FINANCIAL STATEMENTS 2018/19

Contact Officer: David Dobbs, Head of Corporate Finance & Accounting
Tel: 020 8313 4145 E-mail: david.dobbs@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk

Ward: Borough Wide

1. Reason for report

- 1.1 This report sets out the Council's 2018/19 statutory accounts for approval by Members in accordance with the requirements of the Accounts and Audit Regulations 2015. The report also details the conclusions and significant issues arising from the work carried out in relation to the audit of the 2018/19 accounts.
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2. **RECOMMENDATION(S)**

2.1 **The Committee is requested to:**

- (a) **Approve the Council's statutory accounts and Annual Governance Statement for 2018/19 (Appendix 1)**
- (b) **Authorise the Chairman to sign and date the Statement of Accounts [on page 1] as a formal record of the Committee's approval**
- (c) **Consider the external auditor's Audit Results Report (Appendix 2)**
- (d) **Note the status of the auditor's conclusion on Value for Money (paragraph 3.13)**
- (e) **Confirm agreement with the auditor's conclusion on their independence and objectivity (paragraph 3.14)**
- (f) **Note the objections to the accounts (paragraphs 3.17 to 3.19)**
- (g) **Authorise the Chairman of this Committee to sign the letter of representation for 2018/19 on behalf of the Council (Appendix 3 and supporting schedule at Appendix 4)**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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Corporate Policy

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

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Council wide
 4. Total current budget for this head: £150.6m 2018/19 budget (excluding GLA precept)
 5. Source of funding: N/A
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Personnel

1. Number of staff (current and additional): 2,038 FTE posts (per 2018/19 Budget) which includes 504 for budgets delegated to schools
 2. If from existing staff resources, number of staff hours: N/A
-

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 Local Government Act 2000, the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
-

Procurement

1. Summary of Procurement Implications: None arising directly from this report
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2018/19 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 our services.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 The Accounts and Audit Regulations 2015 require the Statement of Accounts to be considered and approved by resolution of a Committee or Full Council. 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 Before the Committee is able to approve, the Director of Finance must re-confirm on behalf of the authority that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the authority at the end of the financial year and of the authority's income and expenditure for that year.
- 3.3 2018/19 was the first year that the audit has been undertaken by Ernst & Young LLP (EY) who was appointed as Bromley's external auditor from 1st April 2018. Public Sector Audit Appointments (PSAA) is responsible for appointing an auditor for the five-year period to 2022/23 to relevant authorities that have chosen to opt into its national auditor appointment arrangements. In August 2017 PSAA wrote to the Council to formally consult on the appointment of EY as Bromley's external auditor for 5 years from 2018/19. The appointment was confirmed in December 2017.
- 3.4 The Accounts and Audit Regulations 2015 required financial statements for this period to be approved and published no later than 31st July 2019. However, as previously reported to Committee, completion of the audit has been substantially delayed owing to issues in relation to the valuation of fixed assets.
- 3.5 At its meeting on 28th November 2019 the Committee received a report from the Council's external auditor EY entitled 'Audit of Financial Statements 2018/19' and was informed that EY had not yet been able to conclude its audit of the Council's main accounts due to issues relating to asset valuations. In all other respects the audit was substantially complete. EY's report stated that *'we have substantially completed our audit of the Council for the year ended 31st March 2019, subject to auditing adjustments made to the financial statements to correct current and prior year valuation of the Council's long term physical assets, which have resulted in delays to the audit process. We consider this issue further in the detailed report. We will not be able to fully conclude until these adjustments are made'*.
- 3.6 The Council's valuations in relation to 2018/19 were carried out by Cushman and Wakefield (C&W) under the responsibility of the Assistant Director – Strategic Property. As set out in EY's initial report, their work identified pervasive and material errors in the external valuation of the Council's land and buildings. These errors covered both the accuracy of base data used to inform the valuations (e.g. floor areas) and the key assumptions made by the valuer (e.g. estimates of asset yield). As a result of material variations between the original and revised valuations, combined with a lack of consistency in the type of error, it was not possible to argue that the errors were isolated to the assets reviewed or that the results of the revised valuations could be extrapolated. It has therefore been necessary for the Council to produce and account for the impact on our financial statements, effectively re-stating both the 2017/18 and 2018/19 accounts (prior period adjustment). Further detail was provided in the report to this Committee on 28th November 2019.
- 3.7 Significant work has been undertaken, initially requiring C&W and in-house LBB valuers to undertake a full revaluation exercise (100% of the Council's assets) as at 31st March 2019. Backward indexation was then applied to determine values as at 31st March 2018 and 1st April 2017. Assets that were disposed of during this period, or those that transferred between asset classes, required additional valuations to be undertaken. Following detailed reconciliations between the C&W 'master file' and the Council's Fixed Asset Register, accounting entries for 2017/18 and 2018/19 have been re-worked and the accounts have been re-stated. A

summary of the impact on prior year accounts is set out in Note 6B of the updated financial statements.

- 3.8 The draft 2018/19 (pre-audited) accounts were approved by the Director of Finance on 31st May 2019 and were published on the Council's website. A summary of the key changes that have been required to be made to these draft accounts includes:
- (i) Revaluation restatements: the impact on prior year accounts is shown in Note 6B of the updated financial statements. The impact on the 2018/19 balance sheet is a £42.8m reduction in the carrying value of fixed assets matched by a corresponding reduction in unusable reserves. Information for 2018/19 in the other core statements (Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Cash Flow Statement) and all relevant disclosure notes have also been restated.
 - (ii) McCloud judgement: relating to a legal case regarding age discrimination within the Judicial and Fire Pension Schemes. In June 2019 the Supreme Court denied the Government's request for an appeal and it has since been confirmed that the difference in treatment will need to be remedied across all public service pension schemes, including the LGPS. As a result, employers in the LGPS have been required to re-state their 2018/19 accounts to reflect the estimated impact on IAS19 and IAS26 calculations as an adjusting post balance sheet event (see Note 6A). The impact on the 2018/19 balance sheet is an increase of £23.7m in long term liabilities and a corresponding reduction in unusable reserves. Information for 2018/19 in the other core statements (Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Cash Flow Statement) and all relevant disclosure notes has also been restated.
 - (iii) Covid-19: Since the 2018/19 audit was incomplete and the accounts had not been issued at the time at which the pandemic started impacting the UK, a non-adjusting post balance sheet event has been disclosed (see Note 6A). As this is a non-adjusting event, no amendments are required to the 2018/19 accounts. Additionally, commentary on Covid-19 has been added to the narrative report to explain the financial impact in more detail. Similarly, within the Accounting Policies disclosure (see Note 1) the Council has reaffirmed that the accounts have been prepared on a 'Going Concern' basis and provided details on its underlying financial resilience and governance, in light of the challenges posed by Covid-19.
- 3.9 EY has now issued its final Audit Results Report on the main financial statements and accounts for 2018/19. A copy of this report is attached at Appendix 2 and includes the findings from the interim and final audits and recommendations for improvement. At the time of writing, the auditors anticipate issuing an unqualified audit opinion on the financial statements.
- 3.10 In accordance with ISA260, the external auditor is required to report all uncorrected audit differences, other than those that it believes are clearly trivial, to those charged with governance. It is also required to report any material misstatements which have been corrected and which it believes should be communicated to the Committee to assist in fulfilling governance responsibilities. A number of amendments have been required to correct for the material errors in the valuation of the Council's long term physical assets in both the current and previous year accounts. A number of other amendments have been made to the financial statements as a result of the audit work which the auditor does not consider to be sufficiently significant to bring to the Committee's attention. A small number of 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. EY has highlighted two unadjusted differences in its report; these are judgemental differences relating to the GMP pension liability (£1.98m) and an initial error of £14k in relation to assets which has been extrapolated to a value of £596k. EY states in its report that '*Both items [above] are estimates calculated based on audit findings and as such we would not be expected to be amended in the financial statements due to their nature. They are calculated to provide an indication of whether additional work is required to establish whether there is a risk of material misstatement. Given that the estimates are not material, no further work is indicated*'. Appendix 4 provides further details on these matters.

- 3.11 As required by ISA 260 and other ISAs specifying communication requirements, the auditor is required to inform the Committee of any significant findings from the audit and other matters if they are significant to the oversight of the Council's financial reporting process. There are no matters that the auditors wish to draw to the attention of the Committee other than those highlighted in the auditor's findings report.
- 3.12 The auditor's report also reviews accounting systems and systems of internal control as part of an assessment of the control environment. It is required to report to this Committee any significant deficiencies in internal control. It has not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements. EY has, however, identified six areas where internal control should be improved and these are included with corresponding recommendations in Appendix 2.
- 3.13 The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'. For 2018/19 this is based on the overall evaluation criterion 'in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people'. Owing to the outstanding objections (see paragraphs 3.17 to 3.19) EY has indicated that it is not able to issue a VfM conclusion at the present time.
- 3.14 The auditor's report details the requirement for annual disclosure of all relationships between EY and the Council that may reasonably be thought to bear on its integrity or objectivity, including those that could compromise independence. In conclusion EY has confirmed that, in its professional judgement, EY is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements. It has also confirmed that there are no relationships from 31st March 2018 to the date of their report which it considers may reasonably be thought to have a bearing on independence and objectivity. This Committee is requested to consider the matters detailed in the external audit report and confirm agreement with their conclusion on independence and objectivity.
- 3.15 In accordance with the Accounts and Audit Regulations 2015 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 30th July 2020. The Statement of Accounts, accompanied by the Annual Governance Statement, is attached at Appendix 1.
- 3.16 The Council's Accounts and related records were made available for public inspection for 30 working days between 3rd June 2019 and 12th July 2019. This is a requirement of the Regulations and must take place prior to the completion of the audit.
- 3.17 A local elector has raised an objection to the 2018/19 accounts. There are a range of matters set out in the objection which primarily relate to waste management and waste collection

services but also include grounds maintenance contract, street cleansing contract and civic centre empty offices. These are similar issues to those raised in previous objections but have been extended to include matters relating to the tendering and letting of the new environmental services contract. The objection was submitted on 6th July 2019 and EY has indicated that it will consider the objections raised matter once KPMG has concluded its work on the related objections in relation to 2016/17 and 2017/18

- 3.18 Members will be aware of the objections made in relation to the 2016/17 and 2017/18 accounts relating to the Council's waste management and waste collection services, and the on-going management of the waste management and street cleansing contracts. The 2017/18 objection also includes areas relating to the grounds maintenance contract as well as civic centre empty offices. As KPMG was the Council's external auditor during 2016/17 and 2017/18, it has responsibility for reviewing these matters. At the time of writing these objections have not yet been concluded.
- 3.19 The objections to the 2016/17, 2017/18 and 2018/19 accounts are from the same elector. As a result of these objections remaining unresolved, the audit for these years cannot be formally concluded and an audit certificate issued.
- 3.20 The Council has very little discretion over the format of its Accounts as they must be presented in the form prescribed in the Code of Practice on Local Authority Accounting (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.
- 3.21 The Statement of Accounts reflects the 2018/19 outturn position for both capital and revenue in the required statutory format. The overall outturn position for 2018/19 was reported to the Executive on 21st May 2019 with more detailed information being reported to individual PDS Committees. This report identified the key cost variations compared with the 2018/19 budget. Details of variations relating to the 2018/19 capital programme outturn were also reported to the Executive in May 2019 and there was no requirement to use General Fund balances to support the capital programme.
- 3.22 The sections that follow provide a brief commentary on the main points to note in the Accounts.
- 3.23 The Comprehensive Income and Expenditure Statement (CI&E Statement)
- 3.23.1 This statement reports on how the authority performed during the year and whether its operations resulted in a surplus or deficit. Specifically, it brings together all of the functions of the Council and reports on the Council's income and expenditure in accordance with International Financial Reporting Standards (IFRS) rather than just the amount to be funded from local taxes, rents and government grants. This difference is accounted for by a series of adjustments made in accordance with regulations.
- 3.23.2 Any surplus or deficit reflected on the CI&E Statement is offset by the movement shown in the MIRS, as detailed within note 8 of the Accounts and section 3.24 below. These two statements should be considered together and the overall position is summarised on page 16 of the accounts. The result is an overall increase in the Council's general fund balance and earmarked reserves of £23.6m.

3.24 Movement in Reserves Statement (MIRS)

- 3.24.1 This statement shows the movement from the start of the year to the end on the different reserves held by the authority (as shown in the bottom half of the Balance Sheet), analysed into 'usable reserves' (i.e. those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves (those that an Authority is unable to utilise to provide services).
- 3.24.2 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.
- 3.24.3 Usable reserves showed an overall increase of £24.9m in 2018/19 which was due to an increase in earmarked reserves of £23.6m and a net increase in capital grants unapplied and capital receipts of £1.3m.
- 3.24.4 Unusable reserves decreased by £21.3m which was mainly due to the Pension Reserve (£14.8m), Capital Adjustment Account (£3.7m) and other net variations of £2.8m. The movement on the Pension Reserve was due to an increase in the net liability from £68.0m to £82.8m mainly due to the estimated impact of the McCloud judgement on past service costs and interest on liabilities being higher than interest on plan assets. The reduction to the Capital Adjustment Account was the result of a number of accounting entries relating to 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.

3.25 Balance Sheet

- 3.25.1 The balance sheet provides a snapshot of the Council's financial position, its assets and liabilities, at 31st March 2019. Compared to the position in 2018 (restated), Property Plant & Equipment asset values increased by £1m, Investment Properties decreased by £5.4m and Assets Held for Sale decreased by £1.8m (overall net reduction of £6.2m). The Council's assets are valued on different bases depending on the type of asset, as described in the Accounting Policies Note.
- 3.25.2 Other significant variations between the 2018 and 2019 Balance Sheet dates include an increase of £80.8m in the value of short term investments (1 year or less to maturity) offset by a reduction of £44.4m in long term investments (1 year or more to maturity) whilst cash and cash equivalents (instant or easy access) has reduced by £7.6m.
- 3.25.3 The net Pension Fund liability has increased by £14.8m, mainly due to the estimated impact of the McCloud judgement on past service costs and interest on liabilities being higher than interest on plan assets. 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 £82.8m 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 2019 in accordance with the requirements of IAS19. This is different from the Actuary's triennial valuation that determines the contribution rate to the Pension Fund. Although the liability has a significant negative effect on the net worth of the Authority, the

contribution payments agreed as a result of the 2016 triennial valuation include arrangements to clear the deficit over a 12 year period from 1st April 2017.

3.26 Cash Flow Statement

3.26.1 The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

3.27 Notes to the Main Statements

3.27.1 The notes to the Accounts are grouped together at the end of the main statements rather than following each statement individually. They provide information that supports the main financial statements and the disclosure of additional information required by the Code.

3.28 Pension Fund Accounts

3.28.1 These are the accounts of the London Borough of Bromley pension fund that provides pension benefits for staff, excluding Teachers and staff in the NHS pension scheme. The accounts relate to the whole fund including the assets and liabilities of the scheduled and admitted bodies.

3.28.2 During 2018/19 the net assets of the Fund increased by £72m, mainly as a result of investment performance (net return of £81m) offset by other net cash outflows of £9m.

3.28.3 The Fund actuary values the fund every three years and a full valuation was carried out during 2016/17 on the position at 31st March 2016. The actuary found a solvency level of 91%, an increase of 9% compared to the position at the 31st March 2013. The most recent full valuation (as at 31st March 2019) was reported to Pensions Investment Sub-Committee on 30th January 2020 and to this Committee on 11th February 2020. This has determined an overall funding level of 110% and set employer contribution rates for the three years 2020/21, 2021/22 and 2022/23. Although an overall surplus is identified there remain individual employers in the fund for whom a past deficit still exists. Where a past deficit exists for individual employers a recovery period of 12 years has been assumed. The Actuarial report refers to 'on the basis that there is still an investment risk and uncertainties around the McCloud judgement we have assumed that the surplus will be retained to act as a margin against the investment risk and other potential adverse experience over 2020/23'.

3.28.4 The Accounts also include disclosures in relation to the Bromley part of the Fund, which are based on the assumptions used in the 2016 valuation. Note 44 explains the IAS19 valuation basis used to prepare the Authority's accounts, which uses different assumptions from those used in the triennial valuation.

3.29 Annual Governance Statement (AGS)

3.29.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. Regulation 6 (2) of the Regulations requires that the AGS should be considered and approved by a Committee or Full Council. The statement must accompany the Statement of Accounts.

3.29.2 A draft AGS was approved by Audit Sub Committee on 4th June 2019. There has been one change relating issues identified on the valuation of fixed assets and this has been added as a governance issue. An updated AGS was circulated to Members of Audit Sub-Committee and was approved by this Committee on 28th November 2019. No further changes have been made and this Committee is requested to formally approve the audited AGS (see Appendix 1) which will be published alongside the Statement of Accounts.

4. FINANCIAL IMPLICATIONS

- 4.1 The final revenue and capital outturns for 2018/19 were reported to the Executive on 21st May 2019. Members are referred to these reports for detailed information on variations from approved budgets.
- 4.2 In line with accounting Regulations, changes arising from the revised asset valuations have been posted through revenue accounts and reversed through the Movement in Reserves Statement (MIRS) into unusable capital reserves (revaluation reserve and capital adjustment account).
- 4.3 The Council is seeking to recover the additional costs incurred in undertaking the revaluations and amending the accounts. The outcome of this process will be reported to Members in due course.
- 4.4 Information in relation to the external audit fees is set out on page 42 of Appendix 2. Whilst the planned fee is £91,689, a further amount will be payable due to the additional audit work required work on asset revaluations and required restatements relating to the McCloud judgement. The final fee is subject to discussions between officers and EY. Additionally, is not yet possible to provide an accurate estimate for the fees relating to objections to the 2016/17, 2017/18 and 2018/19 accounts.
- 4.5 This report refers to matters reflected in the auditor's report. There are no adjustments to the accounts that have an impact on the Council's revenue outturn position and general fund balance for 2018/19. Accordingly, there is no impact on the level of reserves previously reported to the Executive in the Provisional Final Accounts report on 21st May 2019.

5. LEGAL IMPLICATIONS

- 5.1 The Accounts and Audit Regulations 2015 require the Statement of Accounts to be signed and dated by the responsible financial officer by 31st May 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 31st July. The responsible financial officer must firstly re-confirm that the accounts present a true and fair view of the financial position of the authority at the end of the financial year to which it relates and the authority's income and expenditure for that financial year. Regulation 10(1) requires the publication of the accounts and other prescribed information.
- 5.2 Regulation 10(2) sets out the provisions that apply where an audit of accounts has not been concluded before 31st July in that the authority must publish a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this under Regulation 10(2)(a). Regulation 10(2)(b) requires compliance with Regulation 10(1) but substitutes the date of 31st July with a requirement to publish "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit".

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Policy, Personnel, Procurement Implications.
Background Documents: (Access via Contact Officer)	Provisional Final Accounts – Executive 21 st May 2019; Capital Programme Outturn – Executive 21 st May 2019; Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; Service Reporting Code of Practice 2018/19; The Accounts and Audit Regulations 2015; Final accounts supporting papers are held by the Technical and Control (Accountancy) Team.

2018/19 Statement of Accounts



Contents

INTRODUCTION

Foreword from the Leader of the Council	I
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STATUTORY STATEMENTS

Approval of the Statement of Accounts	1
Narrative Report	2
Auditor's Report	10
Statement of Responsibilities for the Statement of Accounts	13
Expenditure and Funding Analysis	14
Comprehensive Income and Expenditure Statement	15
Movement in Reserves Statement	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Core Financial Statements	19
The Collection Fund	101
Former LRB Fund	104
Pension Fund	105
Annual Governance Statement	119
Glossary of Terms	144

FOREWORD FROM THE LEADER OF THE COUNCIL

Bromley Council has continued to manage its budget well, working to ensure, as far as is humanly possible, the long term stability of the Council's finances, a challenge largely dependent on the Government's continued level of funding to local councils.

As this funding has contracted we have continued to look for further ways to work together with partner organisations and residents to find the best ways to maintain services and manage growing demand with even less money.

Ongoing close scrutiny of all Council services ensures they are delivered by those best placed to provide both quality and good value for money, for service users and local tax payers alike. Our attention to the detail of our contracts is driving best practice in the way our contractors deliver services on our behalf.

An efficient approach to the Council's finances means we have a balanced budget once again with low risk investments providing income to help address growing demands for services, especially for our most vulnerable residents.

The Council will continue with its approach to budgeting in a sustainable way by:

- Maximising income through sound investments
- Seeking efficiencies in the way we procure and supply services
- Looking for innovative ways to provide services, generate income and mitigate rising demand for services, as well as
- Continuing to lobby Government for a better deal for Bromley.

We have continued our commitment to enhancing our Borough as a great place to live, work and spend leisure time, as well as a place where people choose to raise their families and to set up and run businesses.

I am pleased to present our Annual Statement of Accounts for 2018/19. Some of our achievements include:

- Ensuring the best returns are sought on investments to support services.
- Continuing to scrutinise all spending and managing contracts well.
- Working to further improve recycling rates.
- Expanding the green garden waste service.
- Engaging with Bromley's ever-popular Friends Initiative for parks, streets and snow.
- Successful completion of the Local Plan to shape the Borough's future.
- Delivering improvements in Crystal Palace Park.
- Progressing plans to improve the libraries.
- Delivering improvements to Bromley, Beckenham and Penge town centres.
- Improving the Market in Bromley High Street.
- Delivering ongoing improvements, business and housing opportunities across the Borough's town centres.
- Supporting the Safer Bromley Partnership to keep Bromley a safe place to live.
- Protecting vulnerable residents from rogue traders and scams.
- Building on our good services for children and families to continue our journey towards achieving excellence.
- Working with Bromley Safeguarding Children Board to keep children safe.
- Training and retaining a skilled workforce to deliver effective and efficient services.
- Working with schools to fulfil our statutory duty to meet the demand for school places.
- Working with Bromley Clinical Commissioning Group and other health organisations to integrate health and care through the new One Bromley joined up partnership to improve outcomes, independence and quality of life for residents.

- Ensuring that there is a choice of high quality advice about care and support available for residents.
- Ensuring that adults with care and support needs and those whose circumstances make them vulnerable can live their lives to the full and are protected from avoidable harm.
- Offering tailored advice and guidance to help prevent homelessness.
- Developing innovative solutions to provide more good quality accommodation for Bromley residents.
- Working with housing associations and landlords to provide housing solutions.
- Ensuring that housing developments include the requisite number of affordable homes.
- Advising and supporting parents and others around children's health issues.
- Publishing a second Health and Wellbeing Strategy and working to develop action plans to deliver it.
- Maximising the efficiency of NHS checks.

We continue to enhance what is already a great Borough for those who live, work and enjoy leisure time here. Building on the firm foundations we have laid down through our Building a Better Bromley priorities, we will draw up a new strategic plan with our partners from Health and the Emergency Services so we can define a dynamic future vision for the Borough of Bromley, backed up and delivered through our newly launched Transforming Bromley agenda within the organisation. We will emerge with a workforce even better trained and dedicated to provide excellent services for the residents of our Borough.

Housing and the further integration of health and social care remain the largest challenges to be faced and we are resolved to tackle both challenges head on. Our Housing Team is using its transformation plans to ensure the provision of appropriate Bromley housing for Bromley residents with innovative solutions both under way and in our sights for the future.

Bromley Council's funding settlement from Central Government remains amongst the very lowest per capita across London. This is clearly both grossly unfair and totally unacceptable. As such, our lobbying campaign for 'fairer funding' will continue to build, increasingly supported as our call now is, by a growing number of other councils from across the political divide covering the length and breadth of the country.

There are clearly major challenges ahead, but nothing is insurmountable. Our successes demonstrate what can be achieved when we work together and with partners with a passion for the people of our Borough. The unprecedented turnaround achieved in record timing in children's services is firm testament to the courage, hard work and commitment of our strong management team and our dedicated staff.

On a brighter note to finish, we will never forget the close relationship we have with Bromley's superb voluntary sector, our Friends Groups and the Residents' Associations borough wide, which so admirably support the selfless work done by so many in our Borough.

The value of so many willing extra pairs of hands, eyes and ears remains fundamental to helping make and keep our Borough what it is, and we will never take for granted the countless hours so many volunteers provide so freely for the betterment of others. We will continue to nurture such groups across our Borough as a firm Administration priority.

Council Officers and Councillors alike are committed and focussed on the part we can all play in making the best decisions possible for the people of Bromley.

Colin Smith
Leader
Bromley Council

APPROVAL OF THE STATEMENT OF ACCOUNTS

I hereby confirm that the Statement of Accounts for the year ending 31st March 2019, as signed by the Director of Finance on the 30th July 2020, has been approved by the General Purposes and Licensing Committee of the London Borough of Bromley at its meeting on 30th July 2020.

Councillor Pauline Tunnicliffe
Chairman of the General Purposes and Licensing Committee
30th July 2020

NARRATIVE REPORT

This Narrative Report provides information about the key issues affecting the Council and its accounts. It also provides an explanation of the Financial Statements and a summary of financial performance in 2018/19.

Introduction to the London Borough of Bromley

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

Our population (Registrar General's estimate – mid 2017) is 329,400 and there are 244,030 people on the electoral roll. In 2018/19 the total number of 'Band D equivalent' properties was estimated at 130,004 and the number of business properties at 7,233.

The Council has an agreed framework to improve the life of all those that live, visit, study or work in the borough. This vision is called 'Building a Better Bromley' and has seven key priority areas:

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

Our officer and political structures are all aligned to deliver this vision through our portfolio plans.

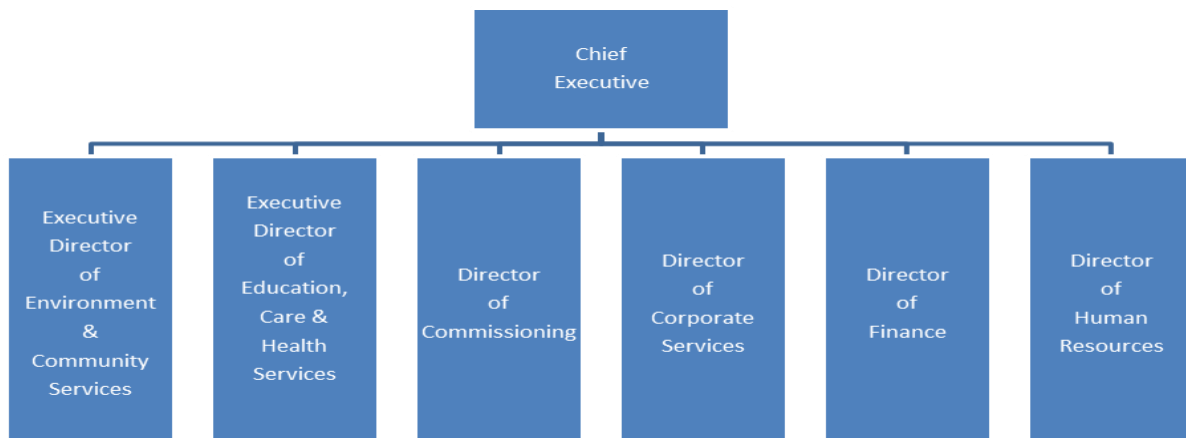
Looking ahead, we will continue to build on this framework and our future plans will be supported by our Transformational Review.

Council Structure

The Council has adopted a Leader and Cabinet model and has 60 Councillors representing 22 wards. There are currently 50 Conservative, 8 Labour and 2 Independent Councillors.

Management Structure

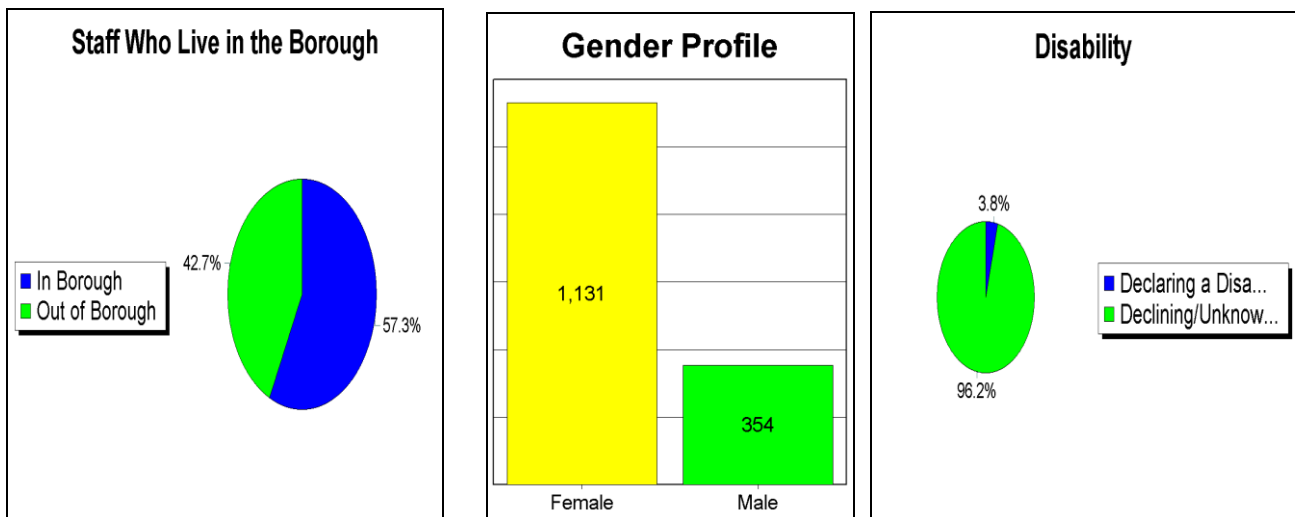
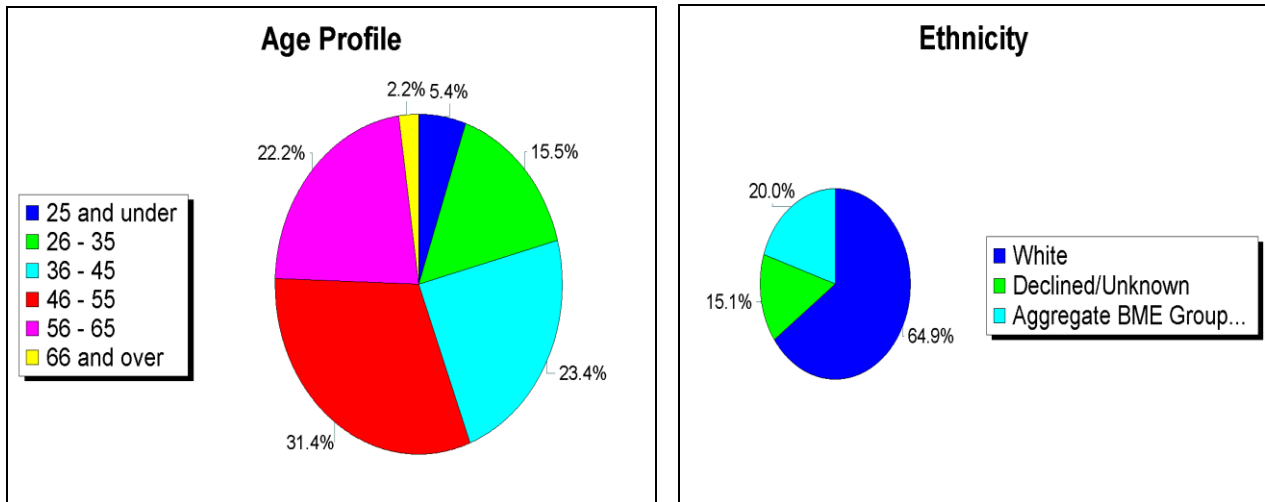
Supporting the work of Councillors is the organisational structure of the Council led by the Chief Executive. Chief Officers have a strategic role, advising Councillors on their areas of particular expertise and contributing to the overall leadership of the Council. They also have a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service and making the most effective use of departmental resources to achieve that goal. The current management structure is shown in the chart below but it should be noted that the organisational structure of the Council is currently being reviewed.



NARRATIVE REPORT

Bromley Workforce

The Council employs 1,485 people on full and part-time contracts equating to a full-time equivalent of 1,265. The make-up of the workforce is as follows:



Key Services

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

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

NARRATIVE REPORT

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. This sets out the Council's income and expenditure for the year and its financial position at 31st March. The format and content is prescribed in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and comprises core and supplementary statements together with supporting disclosure notes.

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

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

Core Financial Statements:

Expenditure and Funding Analysis – although not strictly a core financial statement the Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios and Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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

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

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

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

NARRATIVE REPORT

Supplementary Statements:

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

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

Pension Fund – shows the contributions made to the Fund and the benefits paid to pensioners in 2018/19. The Net Asset Statement sets out the position of the Fund as at 31st March 2019. The Council's Pension Fund is part of the Local Government Pension Scheme (LGPS).

Financial Performance in 2018/19

Revenue Expenditure

The 2018/19 outturn position is summarised in the table below:

	Budget £m	Actual £m	Variation £m
Net expenditure	208.52	212.87	4.35
Funded by:			
Grants, Council Tax and Business Rates	(207.06)	(212.87)	(5.81)
Carry Forwards from 2017/18	(1.46)	-	1.46
Variation in General Reserves	-	-	-

The 2019/20 Council Tax report identified the latest financial projections and future year budget gap due to the impact of inflation, service cost pressures and ongoing significant reductions in government funding. Further details were reported in the '2019/20 Council Tax' report to the Executive in February.

The 2018/19 outturn identifies variations in departmental expenditure and the Council's central contingency sum. In addition, there are higher returns from changes to the Council's investment strategy. Underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and meeting income targets. This financial position enables the Council to be 'better placed' to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

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

Further details of the variations in 2018/19 were reported to the Council's Executive on the 21st May 2019 and are available through: [Executive 21st May 2019](#).

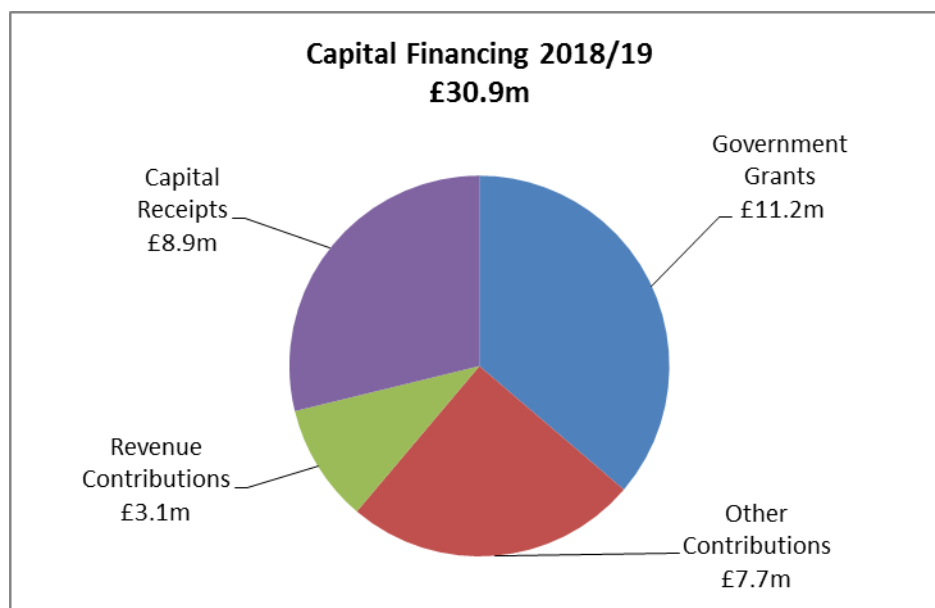
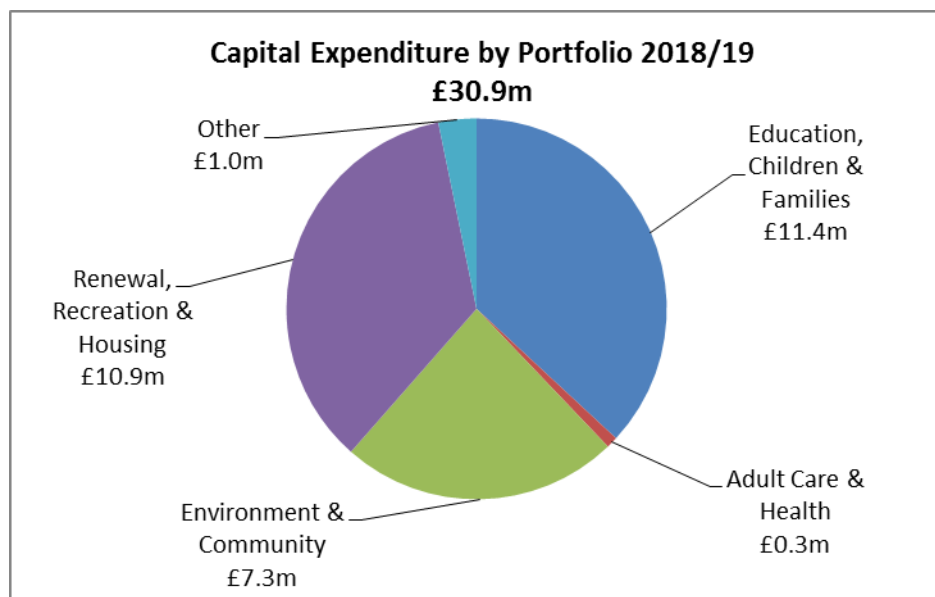
NARRATIVE REPORT

Capital Expenditure

Capital expenditure totalled £30.9m compared with the final approved estimate of £37.8m. Capital expenditure was fully financed from Government grants, other external contributions, revenue contributions and capital receipts without recourse to general reserves.

The Council generated new capital receipts of £12.5m in 2018/19 and, during the year, £8.9m of receipts were applied to finance capital expenditure.

Further information can be found in charts below and also in the Capital Programme Outturn report to the Executive on 21st May 2019 which is available through: [Executive 21st May 2019](#).



NARRATIVE REPORT

Investments

At the year end, the Council held significant investments totalling £311.8m (principal sum). These investments generated net income of £4.95m in 2018/19 to support the revenue budget. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2018/19 the net assets of the Pension Fund increased by £72m (7.5%). The underlying assets and liabilities of the Fund for retirement benefits earned by Bromley employees past and present are required to be recognised on the Council's Balance Sheet as a net liability. 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 12 year period from 1st April 2017.

Strategic Risks and Governance

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

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

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

- Failure to deliver a sustainable financial strategy which meets the Council's priorities;
- Maintenance of business continuity and emergency planning arrangements;
- Failure to deliver effective Children's services to fulfil statutory obligations;
- Inability to effectively manage homelessness pressures;
- Failure to deliver the Council's Target Operating Model as a Commissioning Organisation;
- Delay in partial implementation of Health and Social Care Integration;
- Contractor failure / performance;
- Data protection breach;
- Change management and maintenance of an efficient workforce;
- Ineffective governance and management of contracts;
- Failure to maintain and develop ICT systems to reliably support departmental service delivery.

Further detail, including the cause, impact and controls in place to mitigate the risk are set out in the individual risk registers which are available through: [Risk Registers](#).

The Corporate Risk Management Group also assists in the co-ordination of the review and development of the Annual Governance Statement (AGS). As a result of our annual review, three areas have been identified where further work is required to monitor how the key risks facing the Council are being managed:

- Finance: the capacity to make further budget savings and maintain frontline services;
- Health and Safety / Fire Safety Compliance: strengthen the health and safety management systems and processes ensuring compliance with good practice;
- Contract Management and Monitoring: strengthen control arrangements and effectiveness of contract management.

These areas will require attention over the next year to ensure they are operating effectively and risks are mitigated. Further detail was reported to Audit Sub-Committee on 4th June 2019 and is available through [AGS Report](#). The Annual Governance Statement is published with the Statement of Accounts.

NARRATIVE REPORT

Medium Term Financial Strategy (MTFS)

The draft 2018/19 budget and MTFS to 2021/22 was approved by Executive on 10th January 2018 and set the framework for the Council to address the significant financial challenges not only for 2018/19 but going forward into future years. This is the third year of the four year local government financial settlement (2016/17 to 2019/20).

The MTFS has been updated to reflect the Chancellor's Autumn Budget 2018 and the Local Government Financial Settlement 2019/20 and to take account of the latest forecasts on inflation, interest rates, pension costs, service demands and other cost pressures.

The Council's budget strategy has to be set within the context of a reducing resource base with Government funding reductions continuing beyond 2020. There remains an on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap which could increase further. The overall updated MTFS has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.

In considering options required to address the medium term budget gap, the Council has taken action to reduce the cost base while protecting priority front-line services and providing sustainable longer term solutions. Although it has been possible to achieve a broadly balanced budget for 2019/20 through identifying savings and continuing with prudent financial management, there remains a significant budget gap by 2022/23. There will be considerable challenges as the Council is a low cost authority and the position will need to be regularly reviewed.

The Government remains committed with the aims of devolution including transforming local government and enabling it to be more self-sufficient. The Government views new flexibilities, such as future growth forecasts from business rates to be mainly devolved to local government combined with scope for the ongoing ability to increase council tax, as methods which can reduce the impact of grant reductions. However, it is not the full solution for local government given its cost pressures and service demands. The Government's next spending review is expected to be implemented from 2020/21 which will include revised levels of funding for individual local authorities following the 'Fair Funding' review.

Although the devolution changes will provide significant opportunities in the future, the key question is whether such a financial model is sustainable for local government. The continuation of long-term financial planning as part of the MTFS remains essential. Some of the measures identified will enable flexibility to provide a more sustainable financial position for future years when the Council is facing an increasing budget gap as well as provide greater stability in the longer term by adopting a medium term budget planning approach.

Covid-19 Pandemic

In response to the threat posed by the global Covid-19 pandemic, the UK Government announced on 23rd March 2020, that a number of measures would be put in place to limit the spread of the virus, including asking people to stay at home and where possible work from home and to make only essential journeys. All non-essential shops were closed with immediate effect and consequently large parts of the UK economy were shutdown, with many employees furloughed with 80% of their existing salary paid by Government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. This matter has had no effect on the 2018/19 financial statements. Additionally, it has not had a significant impact on the Council's financial outturn for 2019/20, though a substantial effect is expected to materialise during 2020/21.

NARRATIVE REPORT

Options Being Undertaken with a “One Council” Approach

The Council continues to face ongoing funding reductions and there remains uncertainty around future funding from 2020/21 following the outcome of the Government’s ‘Fair Funding’ review. The Government assumption remains that reductions in funding will be partly offset by an increase in taxation receipts generated by council tax (including social care precept) and business rates. There are clear benefits to explore opportunities to increase the Council’s business rate base through economic development as well as increase investment income as shown below:

- Community Infrastructure Levy (CIL) - potential income of up to £3m per annum could be raised but implementation is not likely to be until 2020/21 after the adoption of the Local Plan.
- Localisation of Business Rates – changes in 2018/19 to reflect 100% devolution to London as part of the London Business Rate Pilot Pool. Further changes in 2019/20 to reflect 75% devolution. The 2019/20 draft budget assumes additional income of £2.2m. Recent developments in the borough will help contribute towards the Council’s business rate share income.
- Asset Review – seeking to grow the Council’s net investment income by re-phasing the investment portfolio to improve returns and income growth prospects and adopting a more commercial approach to managing rents and service charge recoveries.
- Growth Fund - ring-fenced funding to support growth initiatives and economic development.
- Investment Fund - used primarily for property investments to enable the achievement of sustainable investment income. Further utilisation will be prioritised for housing investment at this stage.
- Investment Income - a diverse range of investments generates a higher level of income whilst managing the Council’s exposure to risk.
- Review of Fees and Charges - ongoing review to determine whether charging levels remain appropriate.
- Invest to Save - to fund initiatives that deliver ongoing revenue savings.
- Procurement - identifying opportunities for contract savings.
- Commissioning Authority - identifying options for the most effective service delivery models, identifying future changes and mitigation options for addressing cost pressures and demographic pressures.
- Managing Rising Demand - ensuring there is a focus on outcomes rather than service delivery, including more collaborative working with other public agencies.
- Health and Social Care - integration will help protect social care and provide more effective services to people in the community. Opportunities will be explored including the pooling of resources if it enables better opportunities for value for money, economies of scale and streamlining processes.
- Identifying Further Savings - including baseline reviews, identification of statutory and non-statutory functions and opportunities for further savings and income opportunities.
- Core Statutory Minimum Requirements – to determine what the Council can afford within its overall budget envelope. There may also be opportunities to reduce costs through ensuring value for money is realised and the best method of service delivery and outcomes are achieved.
- Transformational Review – including opportunities for partnership working, collaboration, reviewing the approach to managing risks, use of technology and community based place shaping.

Further Information

Further Information about the accounts is available from:

Chief Accountant
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley, BR1 3UH

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

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Auditor's Report

Auditor's Report

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Auditor's Report

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 118 give a true and fair view of the financial position of the Authority as at 31st March 2019 and of its income and expenditure for the year ended 31st March 2019.

Peter Turner
Director of Finance
30th July 2020

EXPENDITURE AND FUNDING ANALYSIS

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

2017/18			2018/19		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
*^ Restated £000	*Restated £000	*Restated £000	£000	£000	£000
68,110	(3,303)	64,807	70,958	(3,132)	67,826
48,728	2,581	51,309	57,526	1,987	59,513
36,667	(2,725)	33,942	35,488	(1,134)	34,354
2,587	(14)	2,573	3,010	-	3,010
21,975	(4,949)	17,026	24,614	2,131	26,745
21,595	(2,011)	19,584	25,623	4,811	30,434
199,662	(10,421)	189,241	217,219	4,663	221,882
(223,163)	40,785	(182,378)	(240,828)	14,665	(226,163)
(Surplus) / Deficit on Provision of			(Surplus) / Deficit on Provision of		
(23,501)	30,364	6,863	(23,609)	19,328	(4,281)
Services			Services		
(122,496)		Opening General Fund Balance	(145,997)		
(23,501)		Less Deficit / (Surplus) on General Fund	(23,609)		
(145,997)		Closing General Fund Balance at 31 March 2019	(169,606)		

^ The 2017/18 figures for 'Adult Care and Health' (AC&H) and 'Renewal, Recreation and Housing' (RR&H) Portfolios have been restated due to the movement of Housing from AC&H to RR&H.

* See Note 6B

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017/18			2018/19			
Gross Expenditure	Gross Income	Net Expenditure	Notes	Gross Expenditure	Gross Income	Net Expenditure
*^Restated £000	*Restated £000	*Restated £000		£000	£000	£000
124,323	(59,516)	64,807		132,166	(64,340)	67,826
158,644	(107,335)	51,309		159,727	(100,214)	59,513
56,978	(23,036)	33,942		56,148	(21,794)	34,354
3,429	(856)	2,573		3,775	(765)	3,010
155,626	(138,600)	17,026		159,503	(132,758)	26,745
22,299	(2,715)	19,584		32,875	(2,441)	30,434
						Adult Care and Health
						Education, Children & Families
						Environment and Community
						Public Protection & Enforcement
						Renewal, Recreation and Housing
						Resources, Commissioning and Contracts Management
521,299	(332,058)	189,241		544,194	(322,312)	221,882
43,411	(2,579)	40,832	10	1,931	(7,127)	(5,196)
2,513	(15,299)	(12,786)	11	9,223	(13,908)	(4,685)
-	(210,424)	(210,424)	12	20,754	(237,036)	(216,282)
						(Surplus) / Deficit on Provision of Services
567,223	(560,360)	6,863		576,102	(580,383)	(4,281)
		(14,932)	27			(Surplus) / Deficit on Revaluation of Property, Plant & Equipment Assets
		3,486	27			Impairment Losses on Non-Current
		599				(Surplus) / Deficit on Revaluation of Available for Sale Financial Assets
		(80,662)	44			Remeasurements of the Net Defined Benefit Liability
		(91,509)				Other Comprehensive Income and Expenditure
		(84,646)				Total Comprehensive Income and Expenditure
						(3,558)

^ The 2017/18 figures for 'Adult Care and Health' (AC&H) and 'Renewal, Recreation and Housing' (RR&H) Portfolios have been restated due to the movement of Housing from AC&H to RR&H.

* See Note 6B

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
	£000	£000	£000	£000	£000	£000	
Current Year							
Balance at 31 March 2018 (Restated*)	(145,997)	(25,696)	(33,135)	(204,828)	(491,411)	(696,239)	
Movement in Reserves during 2018/19							
Total Comprehensive Income and Expenditure	(4,281)	-	-	(4,281)	723	(3,558)	
Adjustments between accounting basis & funding basis under regulations (Note 8)	(19,328)	(3,618)	2,333	(20,613)	20,613	-	8
(Increase)/Decrease in 2018/19	(23,609)	(3,618)	2,333	(24,894)	21,336	(3,558)	
Balance at 31 March 2019	(169,606)	(29,314)	(30,802)	(229,722)	(470,075)	(699,797)	
General Fund Analysed over:							
	£000						
Amounts earmarked (Note 9)	(149,606)						
Amounts uncommitted	(20,000)						
Total General Fund Balance at 31st March 2019	(169,606)						
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserve	Unusable Reserves	Total Authority Reserves	Notes
	£000	£000	£000	£000	£000	£000	
Comparative Year							
Balance at 1st April 2017 (Restated*)	(122,496)	(24,109)	(36,944)	(183,549)	(428,044)	(611,593)	
Movement in Reserves during 2017/18							
Total Comprehensive Income and Expenditure	6,863	-	-	6,863	(91,509)	(84,646)	
Adjustments between accounting basis & funding basis under regulations (Note 8)	(30,364)	(1,587)	3,809	(28,142)	28,142	-	8
(Increase)/Decrease in 2017/18	(23,501)	(1,587)	3,809	(21,279)	(63,367)	(84,646)	
Balance at 31 March 2018	(145,997)	(25,696)	(33,135)	(204,828)	(491,411)	(696,239)	
General Fund Analysed over:							
	£000						
Amounts earmarked (Note 9)	(125,997)						
Amounts uncommitted	(20,000)						
Total General Fund Balance at 31st March 2018	(145,997)						

* See Note 6B

BALANCE SHEET

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

*Restated 1st April 2017	*Restated 31st March 2018 £000		Notes	31st March 2019 £000
426,240	404,275	Property, Plant and Equipment	14	405,292
1,017	1,017	Heritage Assets	15	1,017
132,416	136,008	Investment Property	16	130,598
130,202	156,911	Long Term Investments	17	112,528
2,165	2,915	Long Term Debtors	17	236
692,040	701,126	Long Term Assets		649,671
135,098	106,707	Short Term Investments	17	187,551
305	5,856	Assets Held for Sale (<1yr)	21	4,057
196	139	Inventories	18	175
21,039	23,320	Short Term Debtors	19	27,407
4,632	24,092	Cash and Cash Equivalents	20	16,541
-	3,875	Short Term Borrowing / Temporary Loans	22	2,288
161,270	163,989	Current Assets		238,019
626	-	Short Term Borrowing / Temporary Loans	22	-
12,657	13,304	Provisions	25	16,973
71,062	74,814	Short Term Creditors	23	70,698
4,219	4,602	Grants Receipts in Advance - Revenue	37	8,241
7,980	6,583	Grants Receipts in Advance - Capital	37	8,350
96,544	99,303	Current Liabilities		104,262
145,173	69,573	Other Long Term Liabilities	24	83,631
145,173	69,573	Long Term Liabilities		83,631
611,593	696,239	Net Assets		699,797
183,549	204,828	Usable Reserves	26	229,722
428,044	491,411	Unusable Reserves	27	470,075
611,593	696,239	Total Reserves		699,797

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

* See Note 6B

CASH FLOW STATEMENT

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

2017/18		Notes	2018/19
*Restated			£000
£000			
6,863	Net (Surplus) or Deficit on the Provision of Services		(4,281)
(52,714)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements	28	(43,789)
29,481	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	28	28,573
<u>(16,370)</u>	Net Cash Flows from Operating Activities		<u>(19,497)</u>
612	Investing Activities	29	23,995
<u>(3,702)</u>	Financing Activities	30	<u>3,053</u>
(19,460)	Net (Increase) or Decrease in Cash and Cash Equivalents		7,551
(4,632)	Cash and Cash Equivalents at the Beginning of the Reporting Period		(24,092)
<u>(24,092)</u>	Cash and Cash Equivalents at the End of the Reporting Period	20	<u>(16,541)</u>

* See Note 6B

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 2018/19 financial year and its position at the year-end of 31st March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and is based on International Financial Reporting Standards. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared with reference to:

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

2 Accruals of Income and Expenditure

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

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

3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. As at 31st March 2019 there was a total of £14.5m of cash investments on the Balance Sheet in instant access AAA-rated Money Market Funds and other short-term accessible accounts, (£22.5m as at 31st March 2018).

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.

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.

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

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

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

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

6 Charges to Revenue for Non Current Assets

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

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

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

7 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

7 Employee Benefits continued

Post Employment Benefits

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

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

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

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

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

The Local Government Pension Scheme

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields (in Bromley's case, the discount rate was based on the yields of AA rated corporate bonds of currency and term appropriate to the currency and term of the Fund's liabilities). In 2018/19, this discount rate was 2.4% compared to 2.7% in 2017/18. The higher the discount rate, the lower the value placed on liabilities, although this will have had only a minor impact on the total movement in the overall Pension Reserve deficit during 2018/19 (an increase of £15m). Movements in the Pensions Reserve balance are explained in more detail in Note 44.

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

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

a) Service Cost comprising:

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

7 Employee Benefits continued

b) Net interest cost:

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

c) Remeasurements comprising:

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

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

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

Discretionary Benefits

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

8 Events After the Balance Sheet Date

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

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

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

9 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

1 Statement of Accounting Policies continued

9 Fair Value Measurement cont.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

10 Financial Liabilities

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

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. In addition, the Council has identified a number of contractual arrangements that contain finance leases in respect of vehicles and plant. Details of these are provided in Note 40.

11 Financial Assets

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

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

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

11 Financial Assets cont.

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss

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

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

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

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

Level 3 inputs – unobservable inputs for the asset

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

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

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

12 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

12 Government Grants and Contributions cont.

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

13 Heritage Assets

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

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

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

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

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

14 Inventories

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

15 Investment properties

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

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

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

Notes to the Core Financial Statements

1 *Statement of Accounting Policies continued*

16 *Leases*

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

As at 31st March 2019, the Council holds no finance leases as lessor.

Operating Leases

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

1 Statement of Accounting Policies continued

17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2018/19 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

18 Property, Plant and Equipment

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

Recognition

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

Measurement

The freehold and leasehold properties that comprise the Council's property portfolio are revalued on the basis required by the Code (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at 31st March 2019 under the responsibility of Michael Watkins BSc MRICS, Head of Asset and Investment Management.

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
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

18 Property, Plant and Equipment continued

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following basis:

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

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

18 Property, Plant and Equipment continued

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

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

Disposals

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

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

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

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

Amounts received for disposals in excess of £10,000 are categorised as capital receipts. A 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

19 Private Finance Initiative and Similar Contracts

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

The Council has not entered into any PFI schemes but it has entered into 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 41.

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

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

20 Provisions

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

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

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

Details of all provisions are set out in Note 25.

21 Contingent Liabilities

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

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

22 Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (Note 46) where it is probable that there will be an inflow of economic benefits or service potential.

Notes to the Core Financial Statements

1 Statement of Accounting Policies continued

23 Reserves

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

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

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

Reserves are reported in two categories - Usable and Unusable.

Usable Reserves

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

Unusable Reserves

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

24 Revenue Expenditure Funded from Capital under Statute

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

25 Value Added Tax

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

26 Carbon Reduction Commitment Allowances

Accounting for the costs of the Carbon Reduction Commitment Scheme.

The Council 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 Council 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 Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

1 Statement of Accounting Policies continued

27 Council Tax and Non-Domestic Rates

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

28 Accounting for Council Tax and NDR

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

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

29 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 8 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.

30 Interest in Companies and Other Entities

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

31 Adoption by the Code of IFRS 15 Revenue from Contracts with Customers

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

1 *Statement of Accounting Policies continued*

32 *Going Concern Basis*

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

The Covid-19 global pandemic, which led to a UK wide lockdown starting on 23 March 2020, has placed local government at the forefront of the national response, creating significant issues for many residents and businesses. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and a substantial financial impact is expected to materialise during 2020/21. Although it is not possible to accurately predict the financial impact, an initial estimate of the total net cost including income losses is expected to significantly exceed the current level of Government funding provided of £16.6m (as at May 2020). The main element of financial loss relates to income reductions ranging from car parking to collection of council tax and business rates. Without any further funding there would be significant costs that would need to be met by the Council and alternative funding would need to be identified.

In light of the financial challenges presented by Covid-19, the Council considers that by maintaining a sustainable and prudent approach to financial management it is well-placed to offset and mitigate both current and emerging risks. In support of this, it is noted that:

- The Council is debt free and its balances remain healthy. A prudent and sustainable approach to financial management has meant that the General Fund (monies set aside to enhance financial resilience, offset the effect of adverse events and address the structural budget deficit) has been maintained at a minimum level of £20m (set by the Council's Director of Finance) since 31st March 2013. Earmarked Reserves, which currently exceed £100m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.
- The Council's balance sheet as at 31st March 2020 shows a net worth of £691m and this is significantly reduced by the inclusion of a pension liability of £92m. There are statutory arrangements for funding the pension deficit through increasing contributions over the remaining working life of the employees, as assessed by an independent actuary; based on the most recent triennial valuation the fund was in surplus by £94m (110% funded).
- The Council's medium term financial strategy (MTFS) will be revisited in light of the Covid-19 pandemic. □ An update on the Council's finances, along with an analysis of the financial impact on the Council of Covid-19 will be provided to Members during the year. A new medium term financial strategy will then be submitted to Executive for approval in January 2021, alongside the budget for 2021/22.
- The Council is subject to a statutory framework governing its service provision, its duties & responsibilities, and its financial framework. This includes the statutory posts of the Head Paid of Service (Chief Executive), Section 151 Officer (Director of Finance) and Monitoring Officer (Director of Corporate Services). Despite the Council's funding gap and structural budget deficit, it has continued to meet the legal requirement of setting a balanced budget combined with the additional requirement of having regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves.
- The Council has a well-established and robust corporate governance framework to ensure compliance with laws and regulations. This coupled with political stability has provided a strong control environment at the operational and strategic level in the Council, enabling sound and balanced decision-making recognising the importance of financial prudence and sustainability.

Notes to the Core Financial Statements

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

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

- i) Amendments to IAS 40 Investment Property: Transfers of Investment Property** provides further explanation of the instances in which property can be reclassified as investment property.
- ii) IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for Local Government to 1st April 2020.
- iii) IFRIC 22 Foreign Currency Transactions and Advance Consideration** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods.
- iv) IFRIC 23 Uncertainty over Income Tax Treatments** provides additional guidance on income tax treatment where there is uncertainty.
- v) Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation** amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest.
- vi) Annual Improvements to IFRS Standards 2014-2016 Cycle** contains amendments to the following three Standards.

IFRS 1 First Time Adoption of International Financial Reporting Standards - deletion of short term exemptions for first-time adopters.

Standards IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements.

Standards IAS 28 Investment in Associates and Joint Ventures - Measuring investees at fair value through profit or loss on investment by investment basis.

None of the above amendments are expected to have a material impact on the information in the Financial Statements 2018/19.

3 Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- a) There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities or reduce levels of service provision.
- b) A review in 2010/11 of significant contractual arrangements identified finance leases embedded within some of those contracts. This resulted in some Vehicles and Plant being brought on Balance Sheet from 1st April 2009 (restated in the 2010/11 financial statements). The most significant of these was on the contract for Refuse Collection, which was identified as a Service Concession. The vehicles used by the contractor are now included on the Balance Sheet under Property, Plant and Equipment. The value of these finance leases at 31st March 2018 was £2,254k.

3 Critical Judgements in Applying Accounting Policies continued

- c) In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2018, a total of £4,985k had been received from the administrator (98% 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 £199k in 2015/16. This reduced the balance of the provision for potential loss to £102k (2% of the Council's total claim).
- d) Group boundaries have been estimated using the criteria set out in the CIPFA Code of Practice. The Council has identified one jointly controlled entity and consideration has been given as to whether the arrangement falls within the group boundary. The Council has determined that the level of retained profit is not quantitatively material for group accounts to be required. The Council's jointly controlled entities are reviewed on an annual basis including other arrangements which may, when combined, become material in aggregate.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31st March 2019 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.

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 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, mainly due to interest on liabilities being higher than interest on assets, and in 2015/16 and 2016/17, the net liability reduced slightly to £145m and £143m respectively, mainly due to remeasurement gains on liabilities being higher than the losses on assets.

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

In 2017/18, the net liability reduced by £75m, to £68m, mainly due to the net investment return of 9.6% being significantly higher than the actuary's assumption of 2.7%.

In 2018/19, the net liability increased by £15m, to £83m, mainly due to the impact of the McCloud judgement on past service costs and 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 2019, the Authority had a balance of sundry debtors of £7,728k. A review of the category, age and status of these debts suggested that an impairment of doubtful debts of 19% (£1,502k) was appropriate.

Effect if Actual Results Differ

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

Fair Value Measurements

Uncertainties

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

Effect if Actual Results Differ

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

5 Exceptional Items

There are no exceptional items to be reported for the 2018/19 financial year.

6A Events after the Balance Sheet Date

There has been one adjusting event that provides additional information about conditions that existed at the end of the reporting period. This relates to recent Court of Appeal judgements in relation to the McCloud and Sargeant cases regarding age discrimination within the Judicial and Fire Pension schemes respectively. In June 2019 the Supreme Court denied the Government's request for an appeal and the Government has since confirmed that it expects the difference in treatment will need to be remedied across all public service pension schemes, including the LGPS.

The Council's actuary has estimated the impact on total liabilities at 31st March 2019 as a past service cost. This adjustment is an estimate of the potential impact on pension liabilities based on their interpretation of the analysis carried out by the Government Actuary's Department (GAD).

Covid-19 Pandemic

In response to the threat posed by the global Covid-19 pandemic, the UK Government announced on 23rd March 2020, that a number of measures would be put in place to limit the spread of the virus, including asking people to stay at home and where possible work from home and to make only essential journeys. All non-essential shops were closed with immediate effect and consequently large parts of the UK economy were shutdown, with many employees furloughed with 80% of their existing salary paid by Government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. As the condition did not exist at the 31 March 2019, this has been treated as a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2019, particularly with regards to financial impact on the Council for 2019/20 and future years.

The Statement of Accounts was authorised for issue by the Director of Finance on 30th July 2020. Events taking place after this date are not reflected in the financial statements or notes.

Notes to the Core Financial Statements

6B Prior Period Adjustment

(i) Background

The Code of Practice on Local Authority Accounting requires that the Authority must restate material prior period errors. The value of the Authority's fixed assets represents a significant value in the balance sheet. The Code's adoption of IAS16 requires that the carrying amount of non-current assets in Local Authority balance sheets are materially accurate at 31st March. Under the requirements of the Code, items of property, plant and equipment (PPE) are normally revalued once every five years (as a minimum) barring any unusual movement in the value of a particular asset class which may require more frequent or one-off valuations. This is done using a rolling programme and provides sufficient regularity to ensure that the carrying amount does not differ materially from the current value at the end of the reporting period. Investment Properties are required to be revalued annually to ensure that the carrying value reflects market conditions at the end of the reporting period.

The Council's valuations are carried out by Cushman and Wakefield (C&W). During the course of the audit of the 2018/19 accounts, assets were found to have been valued incorrectly. The Authority has undertaken work to correct these valuations and this work has had a material effect on the fixed asset valuations going back to financial year 2016/17.

The Code requires that when an Authority corrects for a prior period error, it should present an additional balance sheet at the beginning of the preceding period where those adjustments have a material effect. The Authority has therefore prepared restated balance sheets as at 1st April 2017 and also as at 31st March 2018. The information for 2017/18 in the other core statements (the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Cash Flow Statement) and relevant disclosure notes has also been restated.

The corrections in the value of fixed assets have led to a reduction in their carrying value of £17.8m as at 1st April 2017 and £10.2m as at 31st March 2018. These changes in the value of the Authority's assets have been matched by a corresponding reduction in unusable reserves.

The following tables provide a summary of the required adjustments.

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

(ii) Summary of Changes

A summary of changes to the 2017/18 Comprehensive Income and Expenditure Statement is shown below:

	CI&E Statement 2017/18 Net Published £000	Adjustments £000	CI&E Statement 2017/18 Net Restated £000
Adult Care and Health	65,403	(596)	64,807
Education, Children & Families	51,145	164	51,309
Environment and Community	33,942	-	33,942
Public Protection & Enforcement	2,573	-	2,573
Renewal, Recreation and Housing	21,681	(4,655)	17,026
Resources, Commissioning and Contracts Management	19,989	(405)	19,584
Cost of Services	194,733	(5,492)	189,241
Other Operating Expenditure	40,585	247	40,832
Financing and Investment Income and Expenditure	(13,177)	391	(12,786)
Taxation and Non-Specific Grant Income	(210,424)	-	(210,424)
(Surplus) / Deficit on Provision of Services	11,717	(4,854)	6,863
(Surplus) / Deficit on Revaluation of Property, Plant & Equipment Assets	(12,413)	(2,519)	(14,932)
Impairment Losses on Non-Current	3,778	(292)	3,486
(Surplus) / Deficit on Revaluation of Available for Sale Financial Assets	599	-	599
Remeasurements of the Net Defined Benefit Liability	(80,662)	-	(80,662)
Other Comprehensive Income and Expenditure	(88,698)	(2,811)	(91,509)
Total Comprehensive Income and Expenditure	(76,981)	(7,665)	(84,646)

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

(ii) Summary of Changes continued

A summary of changes to the 2017/18 Movement in Reserves Statement is shown below:

2017/18 Movement in Reserves Statement (Published)

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1st April 2017	(122,496)	(24,109)	(36,944)	(183,549)	(445,872)	(629,421)
Movement in Reserves during 2017/18						
Total Comprehensive Income and Expenditure	11,717	-	-	11,717	(88,698)	(76,981)
Adjustments between accounting basis & funding basis under regulations	(35,218)	(1,587)	3,809	(32,996)	32,996	-
(Increase)/Decrease in 2017/18	(23,501)	(1,587)	3,809	(21,279)	(55,702)	(76,981)
Balance at 31 March 2018 carried forward	(145,997)	(25,696)	(33,135)	(204,828)	(501,574)	(706,402)

2017/18 Adjustments

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1st April 2017					17,828	17,828
Movement in Reserves during 2017/18						
Total Comprehensive Income and Expenditure	(4,854)			(4,854)	(2,811)	(7,665)
Adjustments between accounting basis & funding basis under regulations	4,854			4,854	(4,854)	-
(Increase)/Decrease in 2017/18	-	-	-	-	(7,665)	(7,665)
Balance at 31 March 2018 carried forward	-	-	-	-	10,163	10,163

2017/18 Movement in Reserves Statement (Restated)

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1st April 2017	(122,496)	(24,109)	(36,944)	(183,549)	(428,044)	(611,593)
Movement in Reserves during 2017/18						
Total Comprehensive Income and Expenditure	6,863	-	-	6,863	(91,509)	(84,646)
Adjustments between accounting basis & funding basis under regulations	(30,364)	(1,587)	3,809	(28,142)	28,142	-
(Increase)/Decrease in 2017/18	(23,501)	(1,587)	3,809	(21,279)	(63,367)	(84,646)
Balance at 31 March 2018 carried forward	(145,997)	(25,696)	(33,135)	(204,828)	(491,411)	(696,239)

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

(ii) Summary of Changes continued

A summary of changes to the 2017/18 opening and closing Balance Sheet is shown below:

	Balance Sheet 1st April 2017 Published £000	Adjustments	Balance Sheet 1st April 2017 Restated £000
Property, Plant and Equipment	424,416	1,824	426,240
Heritage Assets	1,017	-	1,017
Investment Property	145,786	(13,370)	132,416
Long Term Investments	130,202		130,202
Long Term Debtors	2,165		2,165
Long Term Assets	703,586	(11,546)	692,040
Short Term Investments	135,098		135,098
Assets Held for Sale (<1yr)	6,587	(6,282)	305
Inventories	196		196
Short Term Debtors	21,039		21,039
Cash and Cash Equivalents	4,632		4,632
Short Term Borrowing / Temporary Loans	-		-
Current Assets	167,552	(6,282)	161,270
Short Term Borrowing / Temporary Loans	626		626
Provisions	12,657		12,657
Short Term Creditors	71,062		71,062
Grants Receipts in Advance - Revenue	4,219		4,219
Grants Receipts in Advance - Capital	7,980		7,980
Current Liabilities	96,544	-	96,544
Other Long Term Liabilities	145,173		145,173
Long Term Liabilities	145,173	-	145,173
Net Assets	629,421	(17,828)	611,593
Usable Reserves	183,549		183,549
Unusable Reserves	445,872	(17,828)	428,044
Total Reserves	629,421	(17,828)	611,593

Notes to the Core Financial Statements

6B Prior Period Adjustment continued

(ii) Summary of Changes continued

	Balance Sheet 31st March 2018 Published £000	Adjustments	Balance Sheet 31st March 2018 Restated £000
Property, Plant and Equipment	404,591	(316)	404,275
Heritage Assets	1,017	-	1,017
Investment Property	148,590	(12,582)	136,008
Long Term Investments	156,911		156,911
Long Term Debtors	2,915		2,915
Long Term Assets	714,024	(12,898)	701,126
Short Term Investments	106,707		106,707
Assets Held for Sale (<1yr)	3,121	2,735	5,856
Inventories	139		139
Short Term Debtors	23,320		23,320
Cash and Cash Equivalents	24,092		24,092
Short Term Borrowing / Temporary Loans	3,875		3,875
Current Assets	161,254	2,735	163,989
Short Term Borrowing / Temporary Loans	-		-
Provisions	13,304		13,304
Short Term Creditors	74,814		74,814
Grants Receipts in Advance - Revenue	4,602		4,602
Grants Receipts in Advance - Capital	6,583		6,583
Current Liabilities	99,303	-	99,303
Other Long Term Liabilities	69,573		69,573
Long Term Liabilities	69,573	-	69,573
Net Assets	706,402	(10,163)	696,239
Usable Reserves	204,828		204,828
Unusable Reserves	501,574	(10,163)	491,411
Total Reserves	706,402	(10,163)	696,239

Notes to the Core Financial Statements

7A Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non Statutory Adjustments	2018/19 Total Adjustments
	Note 1	Note 2	Note 3			
	£000	£000	£000	£000	£000	£000
Adult Care and Health	495	1,219	(10)	1,704	(4,836)	(3,132)
Education, Children & Families	2,692	3,142	(120)	5,714	(3,727)	1,987
Environment and Community	4,181	568	3	4,752	(5,886)	(1,134)
Public Protection & Enforcement	8	270	4	282	(282)	-
Renewal, Recreation and Housing	2,762	775	12	3,549	(1,418)	2,131
Resources, Commissioning and Contracts Management	(125)	6,502	-	6,377	(1,566)	4,811
Net Cost of Services	10,013	12,476	(111)	22,378	(17,715)	4,663
Other operating expenditure (i)	(6,383)	-	-	(6,383)	14,295	7,912
Financing and investment income and expenditure	5,050	1,694	-	6,744	3,420	10,164
Taxation and non-specific grant income and expenditure (iii)	(5,898)	-	2,487	(3,411)	-	(3,411)
	(7,231)	1,694	2,487	(3,050)	17,715	14,665
General Fund (Surplus)/Deficit	2,782	14,170	2,376	19,328	-	19,328

Adjustments between Funding and Accounting Basis

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non Statutory Adjustments	2017/18 Total Adjustments
	Note 1	Note 2	Note 3			
	^*Restated £000	*Restated £000	*Restated £000	*Restated £000	*Restated £000	*Restated £000
Adult Care and Health	(542)	1,174	(5)	627	(3,930)	(3,303)
Education, Children & Families	8	3,118	(418)	2,708	(127)	2,581
Environment and Community	3,667	511	(3)	4,175	(6,900)	(2,725)
Public Protection & Enforcement	(12)	261	(2)	247	(261)	(14)
Renewal, Recreation and Housing	(6,811)	960	(15)	(5,866)	917	(4,949)
Resources, Commissioning and Contracts Management	85	(3,623)	8	(3,530)	1,519	(2,011)
Net Cost of Services	(3,605)	2,401	(435)	(1,639)	(8,782)	(10,421)
Other operating expenditure (i)	39,561	-	-	39,561	2,661	42,222
Financing and investment income and expenditure	(8,067)	3,406	-	(4,661)	6,121	1,460
Taxation and non-specific grant income and expenditure (iii)	(3,165)	-	268	(2,897)	-	(2,897)
	28,329	3,406	268	32,003	8,782	40,785
General Fund (Surplus)/Deficit	24,724	5,807	(167)	30,364	-	30,364

^ The 2017/18 figures for 'Adult Care and Health' (AC&H) and 'Renewal, Recreation and Housing' (RR&H) Portfolios have been restated due to the movement of Housing from AC&H to RR&H.

* See Note 6B

Notes to the Core Financial Statements

7A Note to the Expenditure and Funding Analysis continued

Adjustments for Capital Purposes

- (i) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - i) **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - ii) **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - iii) **Taxation and Non Specific Grant Income and Expenditure** – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments

- (ii) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pensions related expenditure and income:
 - i) **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
 - ii) **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

- (iii) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
 - i) **For Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - ii) The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-Statutory Adjustments

- (iv) Other Non-Statutory Adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement.
 - i) **For Financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in the fair values of investment properties.
 - ii) For **Taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, eg for unringfences government grants.

Notes to the Core Financial Statements

7B Segmental Income

Income received on a segmental basis is analysed below:

Services	2017/18	2018/19
	Income from Services *Restated £000	Income from Services £000
Adult Care and Health	(38,161)	(41,456)
Education, Children & Families	(11,692)	(8,520)
Environment and Community	(20,821)	(20,532)
Public Protection & Enforcement	(462)	(765)
Renewal, Recreation and Housing	(13,350)	(16,004)
Resources, Commissioning and Contracts Management	(2,003)	(1,762)
Total income analysed on a segmental basis	(86,489)	(89,039)

* The 2017/18 figures for 'Adult Care and Health' (AC&H) and 'Renewal, Recreation and Housing' (RR&H) Portfolios have been restated due to the movement of Housing from AC&H to RR&H.

8 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

* See Note 6B

Notes to the Core Financial Statements

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

<u>2018/19</u>	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
<i>Pensions Costs transferred to/(from) the Pensions Reserve</i>				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	(24,744)	-	-	24,744
Employer's pension contributions and direct payments to pensioners payable in the year	10,574	-	-	(10,574)
C Tax and NDR transfers to/(from) the Collection Fund				
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	111	-	-	(111)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure				
Depreciation and impairment of non-current assets	(6,638)	-	-	6,638
Movements in the fair value of investment properties	(5,410)	-	-	5,410
Movements in the fair value of pooled investment funds	618	-	-	(618)
Capital grants & contributions	16,374	-	2,333	(18,707)
Revenue expenditure funded from capital under statute	(17,387)	-	-	17,387
Non-current assets written off on disposal or sale	(6,472)	-	-	6,472
Total Adjustments to Revenue Resources	(35,461)	-	2,333	33,128
Adjustments between Revenue and Capital Resources				
<i>Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</i>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	12,199	(12,199)	-	-
Transfer of deferred sale proceeds	724	-	-	(724)
Payments to the government housing receipts pool	(2)	2	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	657	-	-	(657)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,555	-	-	(2,555)
Total Adjustments between Revenue and Capital Resources	16,133	(12,197)	-	(3,936)
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	8,905	-	(8,905)
Application of capital grants to finance capital expenditure	-	-	-	-
Cash payments in relation to Deferred Capital Receipts	-	(326)	-	326
Total Adjustment to Capital Resources	-	8,579	-	(8,579)
Total Adjustments	(19,328)	(3,618)	2,333	20,613

Notes to the Core Financial Statements

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

<u>2017/18 Comparative Figures</u>	Usable Reserves			Movement
	General Fund Balance *Restated £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	in Unusable Reserves *Restated £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
<i>Pensions Costs transferred to/(from) the Pensions Reserve</i>				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	(15,816)	-	-	15,816
Employer's pension contributions and direct payments to pensioners payable in the year	10,009	-	-	(10,009)
C Tax and NDR transfers to/(from) the Collection Fund				
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	435	-	-	(435)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure				
Depreciation and impairment of non-current assets	4,160	-	-	(4,160)
Movements in the fair value of investment properties	2,205	-	-	(2,205)
Capital grants & contributions	20,931	-	3,809	(24,740)
Revenue expenditure funded from capital under statute	(21,602)	-	-	21,602
Non-current assets written off on disposal or sale	(49,281)	-	-	49,281
Total Adjustments to Revenue Resources	(49,227)	-	3,809	45,418
Adjustments between Revenue and Capital Resources				
<i>Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</i>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8,550	(8,550)	-	-
Transfer of deferred sale proceeds	1,171	-	-	(1,171)
Payments to the government housing receipts pool	(1)	1	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	804	-	-	(804)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	8,339	-	-	(8,339)
Total Adjustments between Revenue and Capital Resources	18,863	(8,549)	-	(10,314)
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	7,216	-	(7,216)
Application of capital grants to finance capital expenditure	-	-	-	-
Cash payments in relation to Deferred Capital Receipts	-	(254)	-	254
Total Adjustment to Capital Resources	-	6,962	-	(6,962)
Total Adjustments	(30,364)	(1,587)	3,809	28,142

* See Note 6B

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18 and 2018/19.

	Balance at 31st March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31st March 2019 £000
Balances Held by Schools	2,219	785	323	1,757
Insurance Fund	3,717	611	878	3,984
LPSA Reward Grant Investment Fund	76	-	-	76
LAA Reward Grant Investment Fund	155	-	-	155
Technology Fund	1,755	-	3,289	5,044
Reserve for Potential Redundancy Costs	116	-	-	116
Public Halls Fund	7	-	-	7
Town Centre Improvement Fund	55	-	-	55
Ex Glaxo Land Maintenance	143	13	2	132
Planning Services Charging Account	193	193	166	166
Grant Related Expenditure	5,137	5,137	6,845	6,845
Investment to Community Fund	468	96	-	372
Works to Property Investment Fund	100 6,197	- 147	- -	100 6,050
Invest to Save	15,972	-	1,112	17,084
Bromley Welcare	29	29	-	-
One-off Member Initiatives	1,167	276	-	891
Infrastructure Investment Fund	1,868	178	-	1,690
Commissioning Authority Programme	555	190	-	365
Health & Social Care - Promise Programme	3,953	-	-	3,953
Housing Strategy Trading Account	25	-	-	25
Community Right to Bid & Challenge	46	-	-	46
Winter Pressures	2,010	-	-	2,010
Refurbishment of War Memorials	13	-	-	13
Key Health & Social Care Initiatives	1,700	-	-	1,700
Integration of Health & Social Care Initiatives	864	-	750	1,614
Cheyne Woods & Cyphers Gate	153	10	-	143
Healthy Bromley Fund	3,815	-	-	3,815
Transformation Fund	2,624	845	-	1,779
Future Repairs of High Street Properties	43	-	12	55
Collection Fund Surplus Set Aside	11,313	-	7,853	19,166
Parallel Fund	2,700	-	203	2,903
Growth Fund	23,152	2,060	-	21,092
Health & Social Care Integrated Commissioning	4,550	250	1,250	5,550
Financial Planning & Risk Reserve	10,000	-	-	10,000
Bromley Welfare Fund	860	111	-	749
PIL Reserve for Temporary Accommodation	122	-	27	149
Business Rate Risk Reserve	4,200	-	-	4,200
One Off Expenditure in 2016/17 (inc TFM Contract)	97	97	-	-
Crystal Palace Park Improvements	82	56	-	26
Various Joint Schemes and Pump Priming Investments	4,145	1,820	1,050	3,375
Transition Fund	2,590	30	-	2,560
Childrens Social Care Transition Fund	750	750	-	-
Environmental Initiatives	500	33	-	467
Planning/Planning Enforcement	197	-	-	197
Apprenticeship Scheme	200	-	-	200
Sub Total 2018/19	120,633	13,717	23,760	130,676

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves continued

	Balance at 31st March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31st March 2019
2018/19				
Balance brought forward from previous page	120,633	13,717	23,760	130,676
Civic Centre Development Strategy	257	-	200	457
CSC Recruitment & Retention	422	422	-	-
Future Professional Advice for Commissioning	147	-	-	147
Utilisation of New Homes Bonus	2,256	-	-	2,256
Future Pensions Risk in Outsourcing	203	-	347	550
West Wickham Leisure Centre & Library Redevelopm	993	-	-	993
Income Equalisation Reserve	1,086	-	1,508	2,594
Capital Funding for Property/Disposal Feasibility	-	171	250	79
Biggin Hill Airport Project	-	-	124	124
Transformation Programme	-	-	500	500
Housing Investment Fund	-	-	7,500	7,500
High Street & Parks Improvement Fund	-	-	115	115
Contribution to YES Funding for 2019/20	-	-	130	130
Day Centre Rent Relief	-	-	76	76
Housing Invest to Save	-	-	3,409	3,409
Total Earmarked Reserves 2018/19	125,997	14,310	37,919	149,606

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 2016/17 and 2017/18

	Balance at 31st March 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31st March 2018
2017/18				
	£000	£000	£000	£000
Balances Held by Schools	2,621	1,042	640	2,219
Insurance Fund	3,373	531	875	3,717
LPSA Reward Grant Investment Fund	76	-	-	76
LAA Reward Grant Investment Fund	155	-	-	155
Technology Fund	1,731	-	24	1,755
Reserve for Potential Redundancy Costs	116	-	-	116
Public Halls Fund	7	-	-	7
Town Centre Improvement Fund	55	-	-	55
Ex Glaxo Land Maintenance	154	13	2	143
Planning Services Charging Account	182	182	193	193
Grant Related Expenditure	1,811	1,811	5,137	5,137
Investment to Community Fund	530	62	-	468
Works to Property	100	-	-	100
Investment Fund	4,621	4,533	6,109	6,197
Invest to Save	14,777	-	1,195	15,972
Bromley Welcare	29	-	-	29
One-off Member Initiatives	1,332	165	-	1,167
Infrastructure Investment Fund	2,000	132	-	1,868
Commissioning Authority Programme	55	-	500	555
Health & Social Care - Promise Programme	3,953	-	-	3,953
Housing Strategy Trading Account	25	-	-	25
Community Right to Bid & Challenge	46	-	-	46
Sub Total 2017/18	37,749	8,471	14,675	43,953

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves continued

	Balance at 31st March 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31st March 2018 £000
2017/18				
Balance brought forward from previous page	37,749	8,471	14,675	43,953
Winter Pressures	2,010	-	-	2,010
Refurbishment of War Memorials	13	-	-	13
Key Health & Social Care Initiatives	1,700	-	-	1,700
Integration of Health & Social Care Initiatives	1,614	750	-	864
Cheyne Woods & Cyphers Gate	163	10	-	153
Healthy Bromley Fund	3,815	-	-	3,815
Transformation Fund	979	355	2,000	2,624
Future Repairs of High Street Properties	31	-	12	43
Collection Fund Surplus Set Aside	4,912	-	6,401	11,313
Parallel Fund	2,700	-	-	2,700
Growth Fund	22,425	1,592	2,319	23,152
Health & Social Care Integrated Commissioning	4,550	-	-	4,550
Financial Planning & Risk Reserve	5,000	-	5,000	10,000
Bromley Welfare Fund	970	110	-	860
PIL Reserve for Temporary Accommodation	85	-	37	122
Business Rate Risk Reserve	4,200	-	-	4,200
One Off Expenditure in 2016/17 (inc TFM Contr	152	55	-	97
Crystal Palace Park Improvements	145	63	-	82
Various Joint Schemes and Pump Priming Investr	5,006	1,411	550	4,145
Transition Fund	568	30	2,052	2,590
Childrens Social Care Transition Fund	1,500	750	-	750
Environmental Initiatives	500	-	-	500
Planning/Planning Enforcement	250	53	-	197
Apprenticeship Scheme	200	-	-	200
Civic Centre Development Strategy	257	-	-	257
CSC Recruitmernt & Retentiion	855	433	-	422
Future Professional Advice for Commissioning	147	-	-	147
Utilisation of New Homes Bonus	-	-	2,256	2,256
Future Pensions Risk in Outsourcing	-	-	203	203
West Wickham Leisure Centre & Library Redeve	-	-	993	993
Income Equalisation Reserve	-	-	1,086	1,086
Total Earmarked Reserves 2017/18	102,496	14,083	37,584	125,997

9 Transfers to/from Earmarked Reserves continued

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

9 Transfers to/from Earmarked Reserves continued

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

9 Transfers to/from Earmarked Reserves continued

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

Notes to the Core Financial Statements

9 Transfers to/from Earmarked Reserves continued

- Income Equalisation reserve - to mitigate any potential loss in the capital value of pooled funds within treasury management investments, the Council has set aside interest/dividend earnings on these funds above 2.5%.
- Capital Funding for Property Disposals/Feasibility Works - £250k was set aside to allow for feasibility works to be commissioned against specific sites.
- Biggin Hill Airport Project funding has been set aside for any potential future monitoring cost in relation to the revised operating hours of Biggin Hill Airport.
- Transformation Programme, resources set aside to meet any additional resource requirements and the use of specialised advice, in relation to the transformation reviews that will be undertaken across the Council.
- Housing Investment Fund established to fund investment choices identified through the Council's Transformation programme to reduce homelessness costs in the local area.
- High Street & Parks Improvement Fund, external funding received for High Street and Town Centre cleansing works, and improvement works in Parks and Greenspaces.
- Contribution to YES Funding for 2019/20 set aside to provide funding to the Bromley Education Business Partnership (BEBP) to continue the successful delivery of the Youth Employment Scheme (YES) that helps support the generation of employment opportunities and tackle local youth unemployment.
- Day Centre Rent Relief monies set aside for short term assistance to Day Centres.
- Housing Invest to Save established to fund investment choices identified through the Council's Transformation programme to reduce homelessness costs in the local area.

Notes to the Core Financial Statements

10 Other Operating Expenditure

2017/18 £000	2018/19 £000
*Restated	
1,321 Levies	1,263
1 Payments to Government Housing Capital Receipts Pool	2
(1,171) Other Income	(724)
(50) Distribution of former LRB Balances	(10)
40,731 Losses/Gains on the Disposal of Non-Current Assets *	(5,727)
<u>40,832</u> Total	<u>(5,196)</u>

*The credit of £5.7m in 2018/19 relates to the net gain that arose on the disposal of a number of property, plant and equipment assets. The charge of £40.5m in 2017/18 relates to losses on property, plant and equipment assets as a result of a number of schools converting to academy or foundation status.”

11 Financing and Investment Income and Expenditure

2017/18 £000	2018/19 £000
*Restated	
521 Interest Payable and Similar Charges	625
3,406 Net Interest on the Net Defined Benefit Liability	1,694
(5,489) Interest Receivable and Similar Income	(7,189)
(11,224) (Income)/Expenditure in Relation to Investment Properties and changes in their fair value	(2,988)
- Other Investment Income & Expenditure	3,173
<u>(12,786)</u> Total	<u>(4,685)</u>

12 Taxation and Non Specific Grant Income

2017/18 £000	2018/19 £000
(149,930) Council Tax Income	(156,480)
(26,756) Business Rates Income	(44,187)
(30,573) Non-Ringfenced Government grants	(9,718)
(3,165) Capital Grants and Contributions	(5,897)
<u>(210,424)</u> Total	<u>(216,282)</u>

*See Note 6B

Notes to the Core Financial Statements

13 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2017/18 *Restated £000	2018/19 £000
Expenditure		
Employee Expenses	101,890	111,563
Other Service Expenses	404,836	410,490
Support Service Recharges	(2,869)	(2,541)
Depreciation and Impairment	17,833	30,350
Precepts and Levies	1,321	1,263
Payments to Housing Capital Receipts Pool	1	2
Gain or Loss on Disposal of Non Current Assets	42,089	666
Interest and Investment Payments	(1,284)	1,861
Net Interest on the Net Defined Liability	3,406	1,694
Non Domestic Rates - Tariff	-	18,176
Contribution to London Business Rates Pool	-	2,578
Total Expenditure	<u>567,223</u>	<u>576,102</u>
Income		
Fees, Charges & Other Service Income	(86,489)	(89,039)
Other Income	(2,579)	(7,127)
Interest and Investment Income	(15,299)	(13,908)
Income from Council Tax	(149,930)	(156,480)
Income from Non Domestic Rates	(26,756)	(64,941)
Government Grants and Contributions	(279,307)	(248,888)
Total Income	<u>(560,360)</u>	<u>(580,383)</u>
(Surplus) / Deficit on Provision of Services	<u>6,863</u>	<u>(4,281)</u>

* See Note 6B

Notes to the Core Financial Statements

14 Property, Plant and Equipment

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 2018/19							
Cost or Valuation							
Balance at 1st April 2018 (*Restated)	517,496	28,611	150,598	2,494	25,753	3,102	728,054
Additions	1,846	162	9,080	-	-	1,692	12,780
Revaluation increases recognised in Revaluation Reserve	4,546	-	-	-	153	-	4,699
Derecognition - disposals	(284)	(396)	-	-	(318)	-	(998)
Assets reclassified to/from Investment Properties	-	-	-	-	-	-	-
Other Assets reclassified	4,483	-	-	-	-	(4,483)	-
Assets reclassified to/from Assets Held for Sale	(4,057)	-	-	-	-	-	(4,057)
As at 31st March 2019	524,030	28,377	159,678	2,494	25,588	311	740,478
Accumulated Depreciation & Impairment							
As at 1st April 2018 (*Restated)	(239,488)	(16,046)	(47,346)	(1,458)	(19,441)	-	(323,779)
Depreciation charge	-	(792)	(3,935)	(83)	-	-	(4,810)
Impairment losses recognised in Revaluation Reserve	(4,745)	-	-	-	(25)	-	(4,770)
Impairment (losses)/reversals recognised in Deficit on Provision of Services	(1,859)	32	-	-	-	-	(1,827)
Derecognition - disposals	-	-	-	-	-	-	-
As at 31st March 2019	(246,092)	(16,806)	(51,281)	(1,541)	(19,466)	-	(335,186)
Net Book Value							
As at 31st March 2019	277,938	11,571	108,397	953	6,122	311	405,292
As at 31st March 2018 (Restated)	278,008	12,565	103,252	1,036	6,312	3,102	404,275

* See Note 6B

Notes to the Core Financial Statements

14 Property, Plant and Equipment continued

Movements on Balances

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	*Restated £000	*Restated £000	*Restated £000	£000	*Restated £000	£000	*Restated £000
Comparative Movements in 2017/18							
Cost or Valuation							
Balance at 1st April 2017 (*Restated)	536,684	30,367	139,728	2,494	31,722	9,733	750,728
Additions	321	167	10,870	-	-	3,472	14,830
Revaluation increases recognised in Revaluation Reserve	14,419	-	-	-	513	-	14,932
Derecognition - disposals	(38,298)	(1,923)	-	-	(931)	(5,733)	(46,885)
Assets reclassified to/from Investment Properties	-	-	-	-	-	-	-
Other Assets reclassified	4,370	-	-	-	-	(4,370)	-
Assets reclassified to/from Assets Held for Sale	-	-	-	-	(5,551)	-	(5,551)
As at 31st March 2018	517,496	28,611	150,598	2,494	25,753	3,102	728,054
Accumulated Depreciation & Impairment							
As at 1st April 2017 (*Restated)	(243,923)	(15,833)	(43,627)	(1,375)	(19,730)	-	(324,488)
Depreciation charge	-	(1,003)	(3,719)	(83)	-	-	(4,805)
Impairment losses recognised in Revaluation Reserve	(3,486)	-	-	-	-	-	(3,486)
Impairment (losses)/reversals recognised in Deficit on Provision of Services	7,886	790	-	-	289	-	8,965
Derecognition - disposals	35	-	-	-	-	-	35
As at 31st March 2018	(239,488)	(16,046)	(47,346)	(1,458)	(19,441)	-	(323,779)
Net Book Value							
As at 31st March 2018	278,008	12,565	103,252	1,036	6,312	3,102	404,275
As at 1st April 2017 (*Restated)	292,761	14,534	96,101	1,119	11,992	9,733	426,240

* See Note 6B

Notes to the Core Financial Statements

14 Property, Plant and Equipment continued

(i) Depreciation

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

Land is not depreciated.

Buildings – straight-line depreciation on remaining useful lives ranging from 5 to 55 years.

Community Assets - straight-line depreciation over 30 years.

Surplus Assets are not depreciated.

Vehicles, Plant, Furniture & Equipment – straight-line depreciation over 1 to 15 years down to residual value.

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

(ii) Capital Commitments

At 31st March 2019, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years budgeted to cost £19.3m. This mainly comprised commitments relating to works at schools funded by Basic Need grant (£11.7m), The Highways Investment Scheme (£3.2m), LIP Formular Funding (£1.2m), and West Wickham Leisure Centre (£0.7m). Commitments at 31st March 2018 totalled £18.8m.

(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 2018/19, all valuations were carried out by Cushman and Wakefield. Up to and including 2011/12, all valuations were carried out internally.

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

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

The methodology for estimating the fair values of Property, Plant and Equipment is set out in the Statement of Accounting Policies (policy 18).

	Land & Buildings £000	vehicles, Plant, Furniture & Equipment £000	Infra- structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction Total £000	Property, Plant, & Equipment £000
Carried at Historical Cost as at:							
31st March 2019	-	33,475	108,397	953	-	311	143,136
Valued at Current Value as at:							
31st March 2019	221,355	(6,826)			(360)		214,169
31st March 2018	(48,824)	(4,949)	-	-	(4,700)	-	(58,473)
31st March 2017	(87,757)	(7,093)	-	-	9,104	-	(85,746)
31st March 2016	208,590	(1,030)	-	-	7,932	-	215,492
31st March 2015	(15,426)	(2,006)	-	-	(5,854)	-	(23,286)
Total Assets at Current Value	277,938	(21,904)	-	-	6,122	-	262,156
Total Property, Plant & Equipment							
31st March 2019	277,938	11,571	108,397	953	6,122	311	405,292

Notes to the Core Financial Statements

15 Heritage Assets

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

	Mayoral Regalia £000	Art Works £000	Total Assets £000
Cost or Valuation			
1st April 2017	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2018	<u>673</u>	<u>344</u>	<u>1,017</u>
Cost or Valuation			
1st April 2018	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2019	<u>673</u>	<u>344</u>	<u>1,017</u>

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

16 Investment Property

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

2017/18 £000	2018/19 £000
(9,810) Rental Income from Investment Property	(9,892)
791 Direct Operating Expenses arising from Investment Property	1,494
<u>(9,019) Net gain</u>	<u>(8,398)</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:

2017/18 *Restated £000	2018/19 £000
132,416 Balance at Start of Year	136,008
3,971 Purchases	-
(2,584) Disposals	-
- Reclassified to Property, Plant and Equipment	-
- Reclassified from Surplus Properties	-
2,205 Net Gains/(Losses) from Fair Value Adjustments	(5,410)
<u>136,008 Balance at End of Year</u>	<u>130,598</u>

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

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

* See Note 6B

Notes to the Core Financial Statements

16 Investment Property continued

Details of the authority's investment properties are as follows:

1st April 2017 *Restated £000	31st March 2018 *Restated £000		31st March 2019 £000
13,543	14,069	Office units	14,266
4,186	4,545	Airport	4,800
14,101	16,469	Industrial	17,844
99,087	99,332	Commercial units	92,057
1,499	1,593	Other	1,631
<u>132,416</u>	<u>136,008</u>	Balance at End of Year	<u>130,598</u>

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

There has been no change in the valuation techniques used during the year for investment properties, and all measurements have been categorised at Level 2 in the fair value hierarchy. There were no transfers between levels during 2018/19.

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

* See Note 6B

Notes to the Core Financial Statements

17 Financial Instruments

(a) Reclassification and Remeasurement of Financial Assets at 1st April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting and the remeasurements of carrying amounts then required.

	Carrying Amount at 1st April 2017	Carrying Amount brought forward at 1st April 2018	New Classifications at 1st April 2018	
			Amortised Cost	Fair Value through Profit or Loss
Previous Classifications	£000	£000	£000	£000
Loans and Receivables	184,455	183,578	183,578	
Available for Sale	80,845	80,040		80,040
Cash and Cash Equivalents	6,991	22,542	22,542	
Reclassified Amounts at 1st April 2018	272,291	286,160	206,120	80,040

(b) Categories of Financial Instruments

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

	Non-Current		Current	
	31 March 2019	1st April 2018	31 March 2019	1st April 2018
Financial Assets	£000	£000	£000	£000
Amortised Cost				
Investments	42,307	77,307	186,237	106,271
Debtors *	236	2,915	25,144	21,824
Cash and Cash Equivalents	-	-	14,514	22,542
	42,543	80,222	225,895	150,637
Fair Value through Profit or Loss				
Investments	70,221	79,604	1,314	436
Total Financial Assets	112,764	159,826	227,209	151,073
Financial Liabilities				
Amortised Cost				
Creditors *	-	-	50,834	51,143
Total Financial Liabilities	-	-	50,834	51,143

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

In accordance with the requirements of the Code, accruals for investment interest income due during the year but not received as at 31st March are included in short term investments in the Balance Sheet. The balances as at 31st March 2019 include a total principal of £311,828k and total accrued interest of £2,765k (£284,411k and total accrued interest of £1,749k as at 31st March 2018).

Notes to the Core Financial Statements

17 Financial Instruments continued

(c) <i>Income, Expense, Gains and Losses</i>	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	
	2017/18	2017/18	2018/19
	£'000	£'000	£'000
Net (Gains)/Losses on:			
Available for Sale Financial Assets	599	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	(618)
Total Net (Gains)/Losses	599	-	(618)
Interest Income		(5,489)	(7,189)
Interest Expense		9	4
Net Interest		(5,480)	(7,185)

The net gain on Financial Assets Measured at Fair Value through Profit or Loss relates to the upward revaluation of two investments (£40m in a Property Fund and £30m in a Multi Asset Income Fund). This is offset by the write out of accumulated gains following the de-recognition of a £10m investment in two Diversified Growth Funds.

(d) Fair Value of Financial Assets and Liabilities

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

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

Valuation of fixed term deposits is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration (i.e. from valuation date to maturity). The structure and terms of the comparable instrument should also be the same. The rates used in the valuation were obtained from the market on 29th March 2019, using bid prices where applicable.

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

The fair values calculated are as follows:

	1st April 2018		31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Assets held at Amortised Cost				
Investments	183,578	184,322	228,544	229,124
Long Term Debtors	2,915	2,915	236	236
Cash and Cash Equivalents	22,542	22,542	14,514	14,514
Total Financial Assets	209,035	209,779	243,294	243,874

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

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

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

Notes to the Core Financial Statements

17 Financial Instruments continued

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

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

2018		2019
£000		£000
	Broomleigh Housing Association (Clarion Housing Group)	
	Property Transfer	
2,473	- Sale of Council Houses *	-
16	- Deferred Interest Earnings *	-
282	Loans for Miscellaneous Advances	169
120	Loans to Schools	40
24	Loans to Private Street Work Frontagers	27
<u>2,915</u>		<u>236</u>

* Under the Housing Stock Transfer agreement concluded with Broomleigh Housing Association (Clarion Housing 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 2016. A long term debtor £2,489k (including accrued interest) was included in the 2017/18 accounts, which comprised 14 sales. In 2018/19 a further 2 properties were sold with a value of £496k (including accrued interest). As payment is due in 2019, the total amount of £2,985k is included in short-term debtors.

Notes to the Core Financial Statements

18 Inventories

	Road Salt		Other Consumables		Total	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Balance outstanding at start of year	133	191	6	5	139	196
Purchases	74	40	17	21	91	61
Usage/Payment/Transfers during the year	(38)	(98)	(17)	(20)	(55)	(118)
Balance outstanding at year-end	169	133	6	6	175	139

19 Short - Term Debtors

1st April 2017 Net £000	31st March 2018 Net £000		31st March 2019 Net £000
3,400	4,454	Debtors	
774	386	Central Government Bodies	4,880
1,083	946	Other Local Authorities	1,367
456	550	Council Tax	926
830	2,909	NNDR	1,337
12,547	12,150	NHS Bodies	1,977
19,090	21,395	Other Entities and Individuals	14,762
			25,249
1,949	1,925	Payments in Advance	2,158
21,039	23,320		27,407

Notes to the Core Financial Statements

20 Cash and Cash Equivalents

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

1st April 2017	2017/18		2018/19
£000	£000		£000
26	16	Cash held by the Authority	14
(2,385)	1,534	Bank Current Accounts	2,013
6,991	22,542	Short-term Deposits with Money Market Funds*	14,514
4,632	24,092	Total Cash and Cash Equivalents	16,541

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

21 Assets Held for sale

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

2017/18		2018/19
*Restated		£000
£000		£000
305	Balance outstanding at start of year	5,856
	Assets newly classified/(declassified) as held for sale:	
5,551	Property, Plant and Equipment	4,057
-	- Revaluation losses - recognised in Revaluation Reserve	-
-	- - recognised in deficit on Provision of Services	-
-	- Revaluation gains	-
-	- Assets sold	(5,856)
5,856	Balance outstanding at year-end	4,057

22 Financial Assets/Liabilities

Short Term Borrowing / Temporary Loans

	Balance as at 1st April 2017	Balance as at 31st March 2018	Loans Raised £000	Loans Repaid £000	Balance as at 31st March 2019
	£000	£000	£000	£000	£000
Pension Fund	(56)	3,928	-	(1,190)	2,738
Former LRB Fund	(570)	(53)	(397)	-	(450)
	(626)	3,875	(397)	(1,190)	2,288

* See Note 6B

Notes to the Core Financial Statements

23 Short - Term Creditors

1st April 2017 £000	31st March 2018 £000		31st March 2019 £000
		Creditors	
2,251	2,209	Central Government Bodies	2,844
1,815	1,406	Other Local Authorities	829
2,065	7,435	NHS Bodies	8,266
6	15	Public Corporations	3
2,128	2,303	Council Tax	2,439
4,596	4,901	Council Tax Precepts (GLA)	4,853
5,938	5,798	NNDR Central Government	-
2,502	5,839	NNDR GLA	4,756
616	1,350	NNDR LBB	1,532
42,539	36,097	Other Entities and Individuals	35,185
<u>64,456</u>	<u>67,353</u>		<u>60,707</u>
		Receipts in Advance	
76	79	Central Government Bodies & Other Local Authorities	43
278	204	NHS Bodies	227
1,808	2,401	Council Tax	3,527
662	1,079	NNDR LBB	2,084
3,782	3,698	Other Entities and Individuals	4,110
<u>6,606</u>	<u>7,461</u>		<u>9,991</u>
<u>71,062</u>	<u>74,814</u>		<u>70,698</u>

24 Other Long Term Liabilities

1st April 2017 £000	31st March 2018 £000		31st March 2019 £000
142,880	68,025	Liability relating to Defined Benefit Pension Scheme #	82,847
2,293	1,548	Liability relating to Finance Leases *	784
<u>145,173</u>	<u>69,573</u>		<u>83,631</u>

Full details relating to the Defined Benefit Pension Scheme are included in Note 44

* Full details of the Authority's finance leases are included in Note 40

Notes to the Core Financial Statements

25 Provisions

	Outstanding Legal Cases (a) £000	Injury & Damage Compensation Claims (b) £000	Other Provisions (c) £000	Total £000
Balance at 1 April 2017	251	1,675	10731	12,657
Balance at 1 April 2018	198	1,334	11,772	13,304
Additional Provisions made in year	77	878	6,718	7,673
Amounts used in year	108	553	2,706	3,367
Unused amounts reversed in year	-	268	369	637
Balance at 31st March 2019	167	1,391	15,415	16,973

(a) Outstanding Legal Cases: the Council made provision for the financial implications arising from a number of legal cases totalling £167k.

(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 2019 (358 claims with a total estimate of £1,391k).

(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. A sum of £300k has been carried forward into 2018/19.

Provision of £8,256k 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 £1,109k has been made.

A provision of £470k 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.

26 Usable Reserves

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

Notes to the Core Financial Statements

27 Unusable Reserves

1st April 2017	31st March 2018		31st March 2019
*Restated £000	*Restated £000		£000
73,851	79,105	Revaluation Reserve	77,629
202	(397)	Available for Sale Financial Instruments Reserve	-
-	-	Pooled Investment Funds Adjustment Account	221
483,024	465,797	Capital Adjustment Account	462,119
(142,880)	(68,025)	Pensions Reserve	(82,847)
1,778	2,695	Deferred Capital Receipts Reserve	3,093
14,075	13,807	Collection Fund Adjustment Account	11,320
(2,006)	(1,571)	Accumulated Absences Account	(1,460)
428,044	491,411	Total Unusable Reserves	470,075

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.

2017/18		2018/19
*Restated £000		£000
73,851	Balance as at 1st April	79,105
14,932	Upward revaluation of assets	4,699
(3,486)	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	(4,770)
11,446	Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	(71)
(6,192)	Accumulated losses on assets sold or scrapped	(1,405)
(6,192)	Amount written off to Capital Adjustment Account	(1,405)
79,105	Balance as at 31st March	77,629

Available for Sale Financial Instruments Reserve (AFS Reserve)

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

Pooled Investment Funds Adjustment Account (PIFAA)

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

* See Note 6B

Notes to the Core Financial Statements

27 Unusable Reserves continued

AFS Reserve 2017/18 £000		PIFAA 2018/19 £000
202	Balance as at 1st April	(397)
879	Upward revaluation of investments	1,045
(1,478)	Downward revaluation of investments and impairment losses	-
(599)		1,045
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement	(427)
(397)	Balance as at 31st March	221

Capital Adjustment Account

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

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

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

2017/18 *Restated £000		2018/19 £000
483,024	Balance as at 1st April	465,797
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:</i>	
4,160	Charges for depreciation and impairment of non-current assets	(6,638)
(21,602)	Revenue expenditure funded from capital under statute	(17,387)
(43,089)	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to CI&E Statement	(5,067)
(60,531)	Net written out amount of the cost of non-current assets consumed in the year	(29,092)
	<i>Capital financing applied in the year:</i>	
7,216	Use of Capital Receipts Reserve to finance new capital expenditure	8,905
20,931	Capital grants and contributions credited to CI&E Statement that have been applied to capital financing	16,374
3,809	Application of grants to capital financing from the Capital Grants Unapplied Account	2,333
804	Statutory provision for capital financing charged against the General Fund	657
8,339	Capital expenditure charged against the General Fund balance	2,555
41,099		30,824
2,205	Movements in market value of Investment Properties debited or credited to CI&E Statement	(5,410)
465,797	Balance as at 31st March	462,119

* See Note 6B

Notes to the Core Financial Statements

27 Unusable Reserves continued

Pensions Reserve

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

2017/18		2018/19
£000		£000
(142,880)	Balance as at 1st April	(68,025)
80,662	Actuarial gains or (losses) on pensions assets and liabilities	(652)
(15,816)	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	(24,744)
10,009	Employer's pension contributions and direct payments to pensioners payable in the year	10,574
(68,025)	Balance as at 31st March	(82,847)

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.

2017/18		2018/19
£000		£000
1,778	Balance as at 1st April	2,695
1,003	New advances	478
(86)	Transfer to the Capital Receipts Reserve upon receipt of cash	(80)
2,695	Balance as at 31st March	3,093

Notes to the Core Financial Statements

27 Unusable Reserves continued

Collection Fund Adjustment Account

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

2017/18	2018/19
£000	£000
14,075 Balance as at 1st April	13,807
<u>(268) 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</u>	<u>(2,487)</u>
<u>13,807</u> Balance as at 31st March	<u>11,320</u>

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.

2017/18	2018/19
£000	£000
(2,006) Balance as at 1st April	(1,571)
2,006 Settlement or cancellation of accrual made at the end of the preceding year	1,571
<u>(1,571) Amounts accrued at the end of the current year</u>	<u>(1,460)</u>
435 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	111
<u>(1,571) Balance as at 31st March</u>	<u>(1,460)</u>

Notes to the Core Financial Statements

28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2017/18	2018/19
£000	£000
(5,929) Interest Received	(6,172)
<u>(5,929) Net Interest Received</u>	<u>(6,172)</u>

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

2017/18	2018/19
Restated	£000
£000	£000
(4,805) Depreciation	(4,811)
8,965 Impairment/Reversals and Downward Valuations	(1,827)
(6,268) Increase/Decrease in Creditors	(8,207)
1,810 Increase/Decrease in Debtors (net of bad debts)	(601)
(57) Increase/Decrease in Inventories	36
(5,807) Movement in Pension Liability	(14,170)
- Movement in Fair Value of Pooled Investment Funds	618
(49,281) Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	(6,472)
2,729 Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	(8,355)
<u>(52,714)</u>	<u>(43,789)</u>

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

2017/18	2018/19
£000	£000
8,550 Proceeds from the Sale of Property, Plant and Equipment and Investment Property	12,199
20,931 Other Items for which the Cash Effects are Investing or Financing Cash Flows	16,374
<u>29,481</u>	<u>28,573</u>

29 Cash Flow Statement - Investing Activities

2017/18	2018/19
£000	£000
24,224 Purchase of Property, Plant and Equipment and Investment Property	14,258
177,308 Purchase of Short-term and Long-term Investments	150,000
(8,550) Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(12,199)
(178,000) Proceeds from Short-term and Long-term Investments	(115,000)
(14,370) Other Receipts from Investing Activities	(13,064)
<u>612 Net Cash Flows from Investing Activities</u>	<u>23,995</u>

30 Cash Flow Statement - Financing Activities

2017/18	2018/19
£000	£000
4,501 Cash Receipts from Short-term Borrowing	(1,587)
(9,007) Other Receipts from Financing Activities	3,983
804 Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases	657
<u>(3,702) Net Cash Flows from Financing Activities</u>	<u>3,053</u>

Notes to the Core Financial Statements

31 Pooled Budgets

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

2017/18 Integrated Community Equipment Services £000		2018/19 Integrated Community Equipment Services £000
	Income	
964	Bromley CCG contribution	717
<u>1,003</u>	London Borough of Bromley contribution	<u>1,254</u>
1,967	Gross Income	1,971
	Expenditure	
1,969	Integrated Community Equipment Service	1,971
<u>1,969</u>	Gross Expenditure	<u>1,971</u>
<u>2</u>	Deficit / (Surplus) for the Year	<u>-</u>

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.

2017/18 Mental Health Services £000		2018/19 Mental Health Services £000
	Income	
19,742	Oxleas NHS Foundation Trust contribution	21,373
<u>1,397</u>	London Borough of Bromley contribution	<u>1,406</u>
21,139	Gross Income	22,779
	Expenditure	
21,648	Mental Health Functions	23,996
<u>21,648</u>	Gross Expenditure	<u>23,996</u>
<u>509</u>	Deficit / (Surplus) for the Year	<u>1,217</u>

The parties agreed that the underspend on LBB funded expenditure (£42k) would be retained within pooled funds for future years. The deficit on Oxleas expenditure (£1,259k) remains within their accounts.

Notes to the Core Financial Statements

31 Pooled Budgets continued

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

2017/18		2018/19
Better Care		Better Care
Fund		Fund
£000		£000
	Income	
20,287	Bromley CCG revenue funding	20,672
1,838	Disabled Facilities capital grant	1,995
747	Carry Forward from 2017/18 - Capital	1,238
157	Carry Forward from 2017/18 - Revenue	36
23,029	Gross Income	23,941
	Expenditure	
20,408	Revenue expenditure	20,650
1,347	Capital expenditure	1,247
21,755	Gross Expenditure	21,897
	Deficit / (Surplus) for the Year	
(36)	Revenue	(58)
(1,238)	Capital	(1,986)
(1,274)		(2,044)

The Improved Better Care Fund (IBCF) is a grant to local authorities for spending on adult social care, including services that reduce pressures on the NHS. Spending decisions rest with the Council, however a key requirement of the grant conditions is that this is done in conjunction with wider health and social care partners. The Council is required to pool the funding into the local Better Care Fund.

2017/18		2018/19
Improved		Improved
Better Care		Better Care
Fund		Fund
£000		£000
	Income	
-	Revenue grant funding - recurrent	2,013
4,184	Revenue grant funding - additional	3,363
-	Carry Forward from 2017/18	3,172
4,184	Gross Income	8,548
	Expenditure	
1,012	Revenue expenditure	4,581
1,012	Gross Expenditure	4,581
(3,172)	Deficit / (Surplus) for the Year	(3,967)

The surplus on both BCF and IBCF has been carried forward to meet agreed priorities in 2019/20.

Notes to the Core Financial Statements

32 Members Allowances

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

2017/18		2018/19
£000		£000
997	Allowances	997
7	Expenses	8
<u>1,004</u>	Total	<u>1,005</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 2019, the actuary estimated the past service cost in 2018/19 to be £7,891k (zero in 2017/18).
- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of employee benefits. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. Losses on curtailments (£nil in both 2017/18 and 2018/19) 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 £2,886k in 2017/18 (£nil in 2018/19) arose 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:

2017/18		2018/19
£000		£000
(2,886)	(Gain) on Settlements	-
-	Past Service Cost	7,891
285	Other Pension Costs	290
<u>(2,601)</u>		<u>8,181</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 2018/19	Salary (including Fees, Allowances Expenses)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Compensation for Loss of Office	Total Remuneration including Pension Contributions
Post holder information (Post title)	£	£	£	£	£	£
* Chief Executive - D. Patterson	147,198	-	147,198	-	-	147,198
Interim Chief Executive (from December 2018) Deputy Chief Executive/Executive Director, Education, Care & Health Services (ended in December 2018) - A Adetosoye	172,039	9,167	181,206	29,075	-	210,281
Director of Corporate Services	95,463	7,171	102,634	8,049	-	110,683
Director of Finance	140,603	4,438	145,041	12,178	-	157,219
Director of Human Resources and Customer Services	133,304	-	133,304	11,264	-	144,568
Executive Director, Environmental & Community Services - Nigel Davies	150,106	5,597	155,703	12,684	-	168,387
#Director of Public Health - N. Lemic-Stojcevic	170,565	-	170,565	22,730	-	193,295
**Director of Adult Social Care	101,734	2,662	104,396	17,193	74,000	195,589
Director of Commissioning & Procurement	120,134	6,524	126,658	10,151	-	136,809
*** Director of Education	23,495	-	23,495	3,971	-	27,466
	1,254,641	35,559	1,290,200	127,295	74,000	1,491,495

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

* Post Holder left the employment of the Council in December 2018.

** Post Holder left the employment of the Council in February 2019.

*** Post Holder joined the Council in January 2019.

Notes to the Core Financial Statements

34 Officers Remuneration continued

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

Disclosure of remuneration for senior employees 2017/18	Salary (including Fees, Allowances Expenses)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Compensation for Loss of Office	Total Remuneration including Pension Contributions
Post holder information (Post title)	£	£	£	£	£	£
Chief Executive - D. Patterson	192,533	-	192,533	-	-	192,533
Deputy Chief Executive - Executive Director, Education, Care & Health Services - A Adetosoye	165,534	417	165,951	27,975	-	193,926
Director of Corporate Services	96,597	6,448	103,045	14,290	-	117,335
Director of Finance	134,741	2,500	137,241	11,683	-	148,924
Director of Human Resources	122,243	1,667	123,910	10,329	-	134,239
Executive Director, Environmental & Community Services	138,696	4,231	142,927	11,720	-	154,647
#Director of Public Health - N.	162,196	-	162,196	21,677	-	183,873
Director of Adult Social Care	113,969	-	113,969	19,261	-	133,230
Director of Commissioning & Procurement	117,779	14,388	132,167	9,952	-	142,119
* Director of Education	54,359	-	54,359	6,124	40,000	100,483
	1,298,647	29,651	1,328,298	133,011	40,000	1,501,309

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

* Post Holder left the employment of the Council in July 2017.

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:

2017/18		Total Employees	Annual Remuneration	2018/19		Total Employees
Non-School Employees	School Employees			Non-School Employees	School Employees	
36	11	47	£50,000-£54,999	51	13	64
19	10	29	£55,000-£59,999	21	13	34
22	4	26	£60,000-£64,999	14	6	20
9	12	21	£65,000-£69,999	14	8	22
10	3	13	£70,000-£74,999	9	6	15
3	-	3	£75,000-£79,999	6	1	7
6	2	8	£80,000-£84,999	5	-	5
3	-	3	£85,000-£89,999	5	-	5
3	-	3	£90,000-£94,999	3	1	4
2	-	2	£95,000-£99,999	2	-	2
1	-	1	£100,000-£104,999	1	-	1
3	2	5	£105,000-£109,999	1	-	1
1	-	1	£110,000-£114,999	1	1	2
-	-	-	£115,000-£119,999	-	-	-
1	-	1	£120,000-£124,999	-	-	-
-	-	-	£125,000-£129,999	1	1	2
1	-	1	£130,000-£134,999	1	-	1
1	-	1	£135,000-£139,999	-	-	-
1	-	1	£140,000-£144,999	-	-	-
-	-	-	£145,000-£149,999	2	-	2
-	-	-	£150,000-£154,999	-	-	-
-	-	-	£155,000-£159,999	1	-	1
1	-	1	£160,000-£164,999	-	-	-
1	-	1	£165,000-£169,999	-	-	-
-	-	-	£170,000-£174,999	1	-	1
-	-	-	£175,000-£179,999	1	-	1
-	-	-	£180,000-£184,999	1	-	1
-	-	-	£185,000-£189,999	-	-	-
1	-	1	£190,000-£194,999	-	-	-
-	1	1	£195,000-£199,999	-	-	-

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

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

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

Notes to the Core Financial Statements

34 Officers Remuneration continued

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000s	2018/19 £000s
£0 - £20,000	4	5	9	-	13	5	110	38
£20,001 - £40,000	5	4	3	-	8	4	253	108
£40,001 - £60,000	-	2	-	-	-	2	-	95
£60,001 - £80,000	2	1	-	-	2	1	143	74
£80,001 - £100,000	-	2	-	-	-	2	-	186
£100,001 - £150,000	1	1	-	-	1	1	144	148
£150,001 - £200,000	-	1	-	-	-	1	-	156
£250,001 - £300,000	-	1	-	-	-	1	-	268
Total	12	17	12	-	24	17	650	1,073

In 2018/19 the total cost of £1,073k (£650k in 2017/18) 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:

2017/18		2018/19
£000		£000
	Fees payable to KPMG LLP in 2017/18 and to Ernst & Young LLP in 2018/19 with regard to:	
119	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	92
21	- Pension Fund audit fee	16
13	Fees payable to KPMG LLP for the certification of grant claims returns for the year	16
3	Fees payable to Grant Thornton for Teachers Pension Review	3
-	Fees payable to KPMG LLP with regard to fee variation on 2015/16 certification of grant claims returns.	2
	* There is an objection relating to the 2016/17 and 2017/18 accounts which are currently being examined by KPMG LLP. Fees for this work have not yet been finalised.	
<hr/> 156 <hr/>		<hr/> 129 <hr/>

Notes to the Core Financial Statements

36 Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2018/19 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000	Notes
Final DSG for 2018/19 before Academy and high needs recoupment			275,735	(a)
Academy and high needs figure recouped for 2018/19			(199,496)	(b)
Total DSG after Academy and high needs recoupment for 2018/19			76,239	(c)
Plus: Brought forward from 2017/18			1,180	(d)
Less: Carry forward to 2019/20 agreed in advance			-	(e)
Agreed initial budgeted distribution in 2018/19	40,130	37,289	77,419	(f)
In year adjustments	-	(166)	(166)	(g)
Final budgeted distribution for 2018/19	40,130	37,123	77,253	(h)
Less Actual central expenditure	39,435	-	39,435	(i)
Less Actual ISB deployed to schools	-	36,323	36,323	(j)
Plus Local Authority contribution for 2018/19	1,000	-	1,000	(k)
Carry forward to 2019/20	1,695	800	2,495	(l)

- (a) Final DSG figure before any amount has been recouped from the Authority excluding the January 2019 early years block adjustment.
- (b) Figure recouped from the Authority in 2018/19 by the DfE for the conversion of maintained schools into Academies and for high needs payments made by ESFA. Also included is the recoupment adjustments that relate to 2018/19 but will not be recouped by DfE until 2019/20.
- (c) Total DSG figure after Academy and high needs recoupment for 2018/19.
- (d) Figure brought forward from 2017/18 as agreed with the Department.
- (e) Any amount which the Authority decided after consultation with the schools forum to carry forward to 2019/20 rather than distribute in 2018/19.
- (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 2018/19.
- (j) Amount of ISB actually distributed to schools.
- (k) Any contribution from the Local Authority in 2018/19 which will have the effect of substituting for DSG in funding the Schools Budget.
- (l) Carry forward to 2019/20.

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 2017/18 and 2018/19.

<i>Credited to Taxation and Non Specific Grant Income</i>	2017/18	2018/19
	£000	£000
Revenue Grants:		
Revenue Support Grant	10,855	-
Business Rates Related Grant Income	11,448	6,095
New Homes Bonus	6,218	3,623
Transition Grant	2,052	-
	<u>30,573</u>	<u>9,718</u>
Total Government Grants	<u>30,573</u>	<u>9,718</u>
Other Capital Grants and Contributions:	<u>3,165</u>	<u>5,897</u>
Total Credited to Taxation and Non Specific Grant Income	<u>33,738</u>	<u>15,615</u>
<i>Credited to Services</i>	2017/18	2018/19
	£000	£000
Revenue Grants:		
Housing Benefit & Council Tax	115,078	109,344
Dedicated Schools Grant	74,906	74,757
Public Health	15,096	14,708
Improved Better Care Fund	4,184	5,377
Education Funding Agency	2,858	2,719
Flexible Homeless Support	2,107	2,368
Environment Agency Waste4Fuel	1,607	-
Skills Funding Agency - Adult Education	1,533	1,580
Pupil Premium	1,404	1,305
Winter Pressures	-	1,190
Council Tax Support & Housing Benefits Administration	1,244	1,152
Unaccompanied Asylum Seekers	670	1,048
Troubled Families	683	801
Adult Social Care Support	1,196	744
Discretionary Housing Payment	729	725
Step up to Social Work	223	685
Independent Living Fund	644	624
Universal Infant Free School meals	478	340
Preventing Homelessness	152	322
Adoption Support Fund	-	315
Home Office - Community Safety	335	-
Homelessness Reduction Act	255	-
SEN Reform	225	-
Youth Justice Board	220	221
SEND Implementation	-	189
Local Reform & Community Voices	165	168
Education Services Grant	166	-
Other Miscellaneous Grants	1,454	1,662
	<u>227,612</u>	<u>222,344</u>

Notes to the Core Financial Statements

37 Grant Income continued

<i>Credited to Services continued</i>	2017/18	2018/19
	£000	£000
Capital Grants:		
Basic Need	9,732	3,761
Disabled Facilities Grant	2,021	2,228
Maintenance in Schools	580	421
Free School MUGA	-	301
Devolved Formula Capital	92	182
Other Capital Grants	-	29
	<u>12,425</u>	<u>6,922</u>
Total Government Grants	<u>240,037</u>	<u>229,266</u>
Other Grants and Contributions:		
Other Grants and Contributions	1,687	641
Section 106 Developers Contributions	3,845	3,366
Total Contributions	<u>5,532</u>	<u>4,007</u>
Total Credited to Services	<u>245,569</u>	<u>233,273</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

	1st April	2017/18	2018/19
	2017		
	£000	£000	£000
<i>Revenue Grants Creditors and Receipts in Advance</i>			
Dedicated Schools Grant	1,623	1,886	2,495
Housing Benefit Grant	242	-	3,163
SEND Implementation		189	-
LEP Project	330	208	118
Other Miscellaneous Grants	272	259	103
Total Government Grants	<u>2,467</u>	<u>2,542</u>	<u>5,879</u>
<i>Other Grants and Contributions Receipts in Advance</i>			
Section 106 Developers Contributions - Revenue	1,752	2,060	2,362
Section 106 Developers Contributions - Capital	7,980	6,583	8,350
Total Contributions	<u>9,732</u>	<u>8,643</u>	<u>10,712</u>
Total Receipts in Advance	<u>12,199</u>	<u>11,185</u>	<u>16,591</u>

38 Related Party Transactions

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

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received and outstanding from UK government departments as at 31st March 2019 are shown in the grant income Note 37.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2018/19 is shown in Note 32. During 2018/19, there are no declarable related party transactions with the exception of the following:-

- a) Councillor P. Fortune is Director of Clarion Housing (formerly Affinity Sutton Homes), to which the Council paid £888k in 2018/19.
- b) Until June 218, Councillor K. Onslow was employed by the Royal Borough of Greenwich, to which the Council paid £306k in 2018/19, for a number of services including fraud investigations and insurance services.
- c) Councillor Mcilveen is employed by the Royal Mail Group to which the Council paid £193k in 2018/19.

Officers

- i) During 2018/19 £10.41m was paid to Liberata in payment for services in relation to the Council's exchequer services contract. Liberata employs a family member of the Director of Finance, in a role that is not specifically related to the Bromley contract.
- ii) During 2018/19 a family member of the Executive Director of Environment & Community Services, undertook freelance design work across the Council at a cost of £4k.
- iii) A family member of the Director of Corporate Services is employed by MCCH Society Ltd, to which the Council paid £76k in 2018/19, relating to a number of contracts.

Other Public Bodies

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

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was negative and as a result, interest of £68k was charged to the Fund (£46k was paid in 2017/18). In 2018/19, £662k was charged to the Fund for expenses incurred in administering the Fund (£593k in 2017/18).

Entities Controlled or Significantly Influenced by the Authority

The Council has entered into a joint venture (JV) agreement with Mears Group PLC for the acquisition of properties to meet demand for temporary accommodation. The JV, More Homes Bromley LLP, will raise its own funds to purchase the properties and the Council will have nomination rights and will also underwrite voids. Due to the nature and structure of the arrangement, the direct expenditure the Council incurred in 2018/19 was a one-off payment of £181k towards the purchase and adaptation of a wheelchair accessible property funded from S106 contributions.

Notes to the Core Financial Statements

39 Capital Expenditure and Capital Financing

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

	2017/18	2018/19
	£000	£000
Opening Capital Financing Requirement	3,103	2,254
<i>Capital investment</i>		
Property, Plant and Equipment	14,830	12,780
Investment Properties	3,971	-
Revenue Expenditure Funded from Capital under Statute	21,602	17,387
	<u>40,403</u>	<u>30,167</u>
<i>Sources of finance</i>		
Capital receipts	7,216	8,905
Government grants and other contributions	24,740	18,707
Sums set aside from revenue:		
Direct revenue contributions	8,339	2,555
Finance Leases Repaid/Terminated	957	1,039
	<u>41,252</u>	<u>31,206</u>
Movement in Capital Financing Requirement	(849)	(1,039)
<i>Closing Capital Financing Requirement</i>	2,254	1,215
<i>Explanation of movements in year</i>		
Reduction in underlying need for borrowing (unsupported by government financial assistance)	(957)	(1,039)
Assets acquired under finance leases	108	-
Increase/(decrease) in Capital Financing Requirement	<u>(849)</u>	<u>(1,039)</u>

Notes to the Core Financial Statements

40 Leases

Finance Leases - Authority as Lessee

The Authority has entered into a number of contractual arrangements that include embedded leases that have been classified as finance leases. 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
	2018	2019
	£000	£000
Vehicles, Plant and Equipment	2,254	1,215
	<u>2,254</u>	<u>1,215</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
	2018	2019
	£000	£000
Finance lease liabilities (net present value of minimum lease payments)		
- current (within 1 year)	706	431
- non current (later than 1 year)	1,548	784
Finance costs payable in future years	1,063	475
Minimum lease payments	<u>3,317</u>	<u>1,690</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
	2018	2019	2018	2019
	£000	£000	£000	£000
Not later than one year	944	599	706	431
Later than one and less than five years	2,241	1,081	1,432	777
Later than five years	132	10	116	7
	<u>3,317</u>	<u>1,690</u>	<u>2,254</u>	<u>1,215</u>

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

Notes to the Core Financial Statements

40 Leases continued

Operating Leases - Authority as Lessee

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

	31st March 2018 £000	31st March 2019 £000
Not later than one year	230	465
Later than one and less than five years	414	392
Later than five years	794	704
	<u>1,438</u>	<u>1,561</u>

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

	31st March 2018 £000	31st March 2019 £000
<i>Minimum lease payments</i>		
Resources, Commissioning & Contracts Management Portfolio	167	53
Environment & Community Portfolio	103	84
Renewal, Recreation and Housing	54	54
Education, Children & Families	245	236
Adult Care and Health Services	11	91
	<u>580</u>	<u>518</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 2018 £000	31st March 2019 £000
Not later than one year	2	5
Later than one and less than five years	2	8
	<u>4</u>	<u>13</u>

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

	31st March 2018 £000	31st March 2019 £000
<i>Minimum lease payments</i>		
Education	6	5
	<u>6</u>	<u>5</u>

Notes to the Core Financial Statements

40 Leases continued

Finance Leases - Authority as Lessor

As at 31st March 2019, 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 2018 £000	31st March 2019 £000
Not later than one year	9,247	8,777
Later than one and less than five years	30,058	27,770
Later than five years	227,446	223,369
	<u>266,751</u>	<u>259,916</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 £203m as at 31st March 2019 (£214m as at 31st March 2018). Depreciation, impairment charges and impairment reversals of £0.3m, £6.1m and £11.3m respectively were made in 2018/19.

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

	31st March 2018 £000	31st March 2019 £000
<i>Minimum lease payments</i>		
Resources, Commissioning & Contracts Management Portfolio	666	326
Environment & Community Portfolio	553	454
Renewal, Recreation and Housing	102	104
Education, Children & Families	10	22
Adult Care and Health Services	23	78
Financing & Investing Income & Expenditure	9,178	8,830
<i>Contingent rents</i>		
Financing & Investing Income & Expenditure	621	742
	<u>11,153</u>	<u>10,556</u>

41 Service Concessions

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

The 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 17 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 14.

The total cost of this contract to 31st March 2019 was £84.1m (£77.5m to 31st March 2018).

Further details of the leasing arrangements are provided in Note 40.

Notes to the Core Financial Statements

41 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 14.

In return for service delivery, maintenance and enhancement of the Leisure Centres which remain in the authority's ownership, the Authority has paid a total of £18.3m to 31st March 2019 (£17.5m to 31st March 2018).

There are two Council appointed representatives on the Board of Trustees.

Greenwich Leisure Ltd

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

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

In return for service delivery, maintenance and enhancement of the Libraries which remain in the authority's ownership, the Authority has paid a total of £7.2m to 31st March 2019 (£2.7m to 31st March 2018).

42 Impairment Losses/(Reversals)

During 2018/19 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.

2017/18	2018/19
Restated	
£000	£000
(8,965) Property, Plant and Equipment	1,827
<u>(8,965)</u>	<u>1,827</u>

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

2017/18	2018/19
Restated	
£000	£000
(480) Adult Care and Health Services	(47)
(773) Education, Children & Families	(241)
(723) Environment & Community Portfolio	476
(6,005) Renewal, Recreation and Housing	1,890
(984) Resources, Commissioning & Contracts Management Portfolio	(251)
<u>(8,965)</u>	<u>1,827</u>

43 Termination Benefits

The Authority terminated the contracts of a number of employees in 2018/19 incurring liabilities of £1,073k (£650k in 2017/18) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2018/19 related to 17 employees across all departments of the Authority (24 employees in 2017/18).

Notes to the Core Financial Statements

44 Disclosure of Information about Retirement Benefits

(a) Participation in Pension Schemes

As part of the terms and conditions of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council's Pension Fund is a funded defined benefit final salary statutory scheme operated (until 31st March 2014) under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2008 (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 2019, include Baillie Gifford, Blackrock, Fidelity, Schroders and MFS International.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory, structural and inflation changes, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

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

(b) Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income & Expenditure Statement when benefits are earned by employees, rather than when they are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year, based on figures provided in the IAS 19 reports as at 31st March 2018 and 2019, prepared by the Council's actuary, Mercer.

These figures include the estimated impact of the McCloud judgement.

	2017/18	2018/19
	£000	£000
<u>Comprehensive Income & Expenditure Statement</u>		
Current service cost	14,992	14,927
Past service cost	-	7,891
Settlements	(2,886)	-
Administration Costs	304	232
Total included in Cost of Services	<u>12,410</u>	<u>23,050</u>
<u>Financing & Investment Income & Expenditure</u>		
Net Pensions interest cost	3,406	1,694
Total included in Surplus or Deficit on the Provision of Services	<u>15,816</u>	<u>24,744</u>
<u>Other Benefits Charged to the Comprehensive Income & Expenditure Statement</u>		
Remeasurement of Net Defined Benefit Obligation	(80,662)	652
<u>Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement</u>	<u>(64,846)</u>	<u>25,396</u>
<u>Movement in Reserves Statement</u>		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	(15,816)	(24,744)
Employers' contributions and benefits payable direct to pensioners	10,009	10,574
	<u>(5,807)</u>	<u>(14,170)</u>
Actual return on scheme assets	69,799	62,151

Notes to the Core Financial Statements

44 Disclosure of Information about Retirement Benefits continued

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

Pensions Assets and Liabilities recognised in the Balance Sheet

	LGPS		Unfunded Benefits	
	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000
Present value of defined benefit obligation	(851,303)	(909,765)	(3,750)	(3,609)
Fair value of plan assets	787,028	830,527	-	-
Net liability from defined benefit obligation	<u>(64,275)</u>	<u>(79,238)</u>	<u>(3,750)</u>	<u>(3,609)</u>

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

	LGPS		Unfunded Benefits	
	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000
Opening Liability	875,124	851,303	4,096	3,750
Current service cost	14,992	14,927	-	-
Interest cost	21,478	22,600	98	96
Contributions by scheme members	2,915	3,114	-	-
Remeasurement (gains)/losses:				
Experience	-	-	-	-
Financial assumptions	(28,948)	41,588	(86)	121
Demographic assumptions	-	-	-	-
Past service costs	-	7,891	-	-
Curtailments	-	-	-	-
Settlements	(5,246)	-	-	-
Benefits paid	(29,012)	(31,658)	(358)	(358)
Closing Liability (Defined Benefit)	<u>851,303</u>	<u>909,765</u>	<u>3,750</u>	<u>3,609</u>

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

	LGPS		Unfunded Benefits	
	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000
Opening fair value of scheme assets	736,340	787,028	-	-
Interest on plan assets	18,170	21,002	-	-
Remeasurements (assets)	51,628	41,057	-	-
Administration Expenses	(304)	(232)	-	-
Contributions by employer	9,651	10,216	358	358
Contributions by scheme members	2,915	3,114	-	-
Settlements	(2,360)	-	-	-
Benefits paid	(29,012)	(31,658)	(358)	(358)
Closing fair value of scheme assets	<u>787,028</u>	<u>830,527</u>	<u>-</u>	<u>-</u>

In 2018/19, the net liability increased by £15m (from £68m to £83m). This was mainly due to the estimated impact of the McCloud judgement on past service costs and interest on liabilities being higher than interest on plan assets.

The actual return on plan assets in the year was a gain of £62.1m (gain of £69.8m in 2017/18).

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £913m 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 £82.8m. 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 12 year period, as assessed by the scheme actuary in the last full valuation of the fund as at 31st March 2016.

Notes to the Core Financial Statements

44 Disclosure of Information about Retirement Benefits continued

(d) Fair Value of LGPS assets

	Fair value of scheme assets	
	As at 31st March 2018 £000	As at 31st March 2019 £000
Equities	613,882	506,622
Government bonds	51,944	58,967
Other bonds	51,944	52,323
Property Funds	-	39,865
Other	63,749	161,122
Cash / liquidity	5,509	11,628
	<u>787,028</u>	<u>830,527</u>

(e) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Mercer, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2016 and latest estimates for for the Fund as at 31st March 2019.

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

	As at 31st March 2018	As at 31st March 2019
Longevity at 65 for pensioners retiring today (years):		
Men	23.4	23.5
Women	26.1	26.2
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	26.1	26.2
Women	28.4	28.5
Rate of inflation - CPI	2.2%	2.2%
Rate of increase in salaries	3.7%	3.7%
Rate of increase in pensions	2.3%	2.3%
Rate for discounting scheme liabilities	2.7%	2.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes in assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be inter-related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme (i.e. on an actuarial basis using the projected unit credit method). The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

McCloud Judgement

The Government Actuary's Department (GAD) has estimated that the impact of the McCloud judgement for the LGPS as a whole could be to increase active member liabilities by around 3.2% and a potential increase in service cost of around 3% of pensionable pay based on a given set of actuarial assumptions. These additional costs are very sensitive to the assumptions made.

44 Disclosure of Information about Post-employment Benefits continued

(e) Basis for Estimating Assets and Liabilities continued

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

	Change of +/- 1% £000
IAS 19 Liability figure	913,374
+ 0.1% on rate for discounting scheme liabilities	899,128
+ 0.1% on inflation rate	927,845
+ 0.1% on pay growth	914,696
+1 year on life expectancy	931,380

(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 2016, the Authority agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 12 years. Funding levels are monitored and the next triennial valuation is due to be completed as at 31st March 2019.

The actuary has estimated a total authority contribution of £10.9m in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 16 years as at 31st March 2019 (also 16 years as at 31st March 2018).

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

(g) Bromley Employees

In 2018/19, Bromley paid into the Pension Fund a total contribution of £11.1m (24.9% of total pensionable pay), including a past deficit contribution of £2.1m. This compares to £10.4m (24.1%) and £2.1m in 2017/18. 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 2018/19 incorporated the results of the full valuation as at 31st March 2016, which set contribution rates to achieve a funding level of 100% of the overall liabilities of the fund over 12 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 2018/19, Bromley paid £1.4m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 16.5% of teachers' pensionable pay. The figures for 2017/18 were £1.5m and 16.5%. 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 2018/19 and 2017/18.

(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 2018/19, the Authority paid £0.1m (14.4% of pensionable pay) to the NHS scheme in respect of these staff (also £0.1m and 14.4% in 2017/18).

Notes to the Core Financial Statements

45 Contingent Liability - not provided for in the accounts

Contingent liabilities are dependent upon the outcome of uncertain events and, consequently, cannot be quantified at the balance sheet date. For 2018/19 there are six 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 relating to the issue of NHS Trusts seeking charitable relief from Business Rates. The Local Government Association (LGA) have determined that NHS Trusts are not charitable organisations as they are commissioned by Central Government to provide a Health Service and have an element of private healthcare which fails the public benefit test, this view is also supported by the LGA's Counsel. The estimated liability to the Council is around £3.5m
- 6) The Council has entered into a joint venture (JV) agreement, More Homes Bromley LLP. Under the terms of a deed of covenant and guarantee, the Council has agreed to underwrite any shortfall in rental income and interest. Whilst the guarantee does not limit these payments to specific circumstances, or circumstances expected to be wholly under the control of the Council, the provision may appear to be genuine. Due to the long term nature of the arrangement and the nature of the financial liability, there is no directly observable evidence of the fair value. It is not possible, at this stage, to calculate the likely exposure to the Council as it is dependent on a number of factors and a realistic estimate cannot be quantified. A detailed analysis of the risks borne by the Council has been undertaken and it has been determined that the likelihood of any material settlement of the obligation is unlikely. The arrangement will be reviewed annually.

46 Contingent Asset - not provided for in the accounts

- 1) Contingent assets are possible assets that will only be confirmed by the occurrence of uncertain future events not wholly within the Authority's control. For 2018/19 there are two contingent assets to be disclosed:

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

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

47 Nature and Extent of Risk Arising from Financial Instruments

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

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

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

Credit Risk

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

The Strategy for 2018/19 was approved by Full Council in February 2018 (subsequently revised in December 2018 and February 2019) and is available on the Council's website. It imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment.

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

The Authority's maximum exposure to credit risk in relation to its investments in other institutions and funds (£314.6m) 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 2019 that this was likely to materialise.

No breaches of the Council's counterparty criteria occurred during 2018/19 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

Notes to the Core Financial Statements

47 Nature and Extent of Risk Arising from Financial Instruments continued

Credit Risk (cont)

Amounts Arising from Expected Credit Losses

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

Debtors held at Amortised Cost	Lifetime Expected Credit Loss - Simplified Approach	
	2017/18 £000	2018/19 £000
Opening Balance as at 1st April	20,132	20,369
Amounts Written Off	(3,360)	(1,862)
Changes in Models / Risk Parameters	3,597	3,861
Balance as at 31st March	20,369	22,368

Credit Risk Exposure

A summary of the credit ratings of the Council's investments in line with the Treasury Management Strategy is shown below:

	Credit Risk Rating	Gross Carrying Amount £m
Investments Measured at Amortised Cost	AAA	14,514
	A	145,803
	A-	35,265
	N/A	47,476
		243,058
Investments Measured at Fair Value through Profit or Loss	N/A	71,535
Total Investments		314,593

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

	As at 31st March 2018 £000	As at 31st March 2019 £000
Less than three months	5,995	5,601
Three to six months	2,471	1,062
Six months to one year	1,446	997
More than one year	3,861	4,676
	13,773	12,336

Notes to the Core Financial Statements

47 Nature and Extent of Risk Arising from Financial Instruments continued

Liquidity Risk

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

Currently the Council does not borrow externally. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

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

Principal Sum Invested as at 31st March 2018 £000		Principal Sum Invested as at 31st March 2019 £000
127,500	Less than one year	199,300
75,000	Between one and two years	42,307
81,911	More than two years	70,221
<u>284,411</u>		<u>311,828</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.

47 Nature and Extent of Risk Arising from Financial Instruments continued

Market Risk

Interest rate risk

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

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

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

All of the Council's term deposits placed during 2018/19 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 (£40m) and a Multi-Asset Income Fund (£30m). Both were placed after consultation with Link Asset Services and neither are subject to interest rate movements.

Price Risk

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

Foreign Exchange Risk

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

Financial Liabilities

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

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2019, a total of £4,985k had been received from the administrator (98% 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 £199k in 2015/16. This reduced the balance of the provision for potential loss to £102k (2% of the Council's total claim).

48 *Heritage Assets: Further Information*

Heritage Assets

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

General

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

Five Year Summary of Transactions

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

Heritage Assets disclosed in the accounts include the following:

Mayoral Regalia and Insignia

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

Art Works

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

Fine Art and Ethnographic Collection comprising fine art and valuables, antique ceramic and glass, paintings, prints and drawings, sculpture and works of art. The collection has been independently valued at £162k;

Contemporary Art Work Collection (valued at £172k);

Mural at Orpington Hospital (valued at £10k).

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

Heritage Assets not disclosed in the accounts include the following:

War Memorials and Memorial Plaques

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

Metrology Equipment

The Council owns various items of measuring equipment, such as scales and balances, that are estimated to have a total value of between £5k and £7k. They are considered de 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	2017/18 £000	2018/19 £000
Income			
Amounts receivable from Council Tax payers	(1)	188,774	197,840
Income collectable from Business Rate payers	(2)	91,528	95,102
Income Collectable from Business Rate Supplement	(3)	2,355	2,412
		<u>282,657</u>	<u>295,354</u>
Expenditure			
Precepts / Demands			
- London Borough of Bromley		143,177	150,607
- Greater London Authority		35,989	38,251
Business Rates	(2)		
- Payments to National Pool			
- Payment to Central Government (CLG)		30,211	(519)
- Payment to Greater London Authority (GLA)		33,666	33,957
- Payment to London Borough of Bromley		27,376	60,359
- Cost of Collection		336	334
Business Rate Supplement	(3)		
- Contribution to GLA		2,347	2,406
- Cost of Collection/Administrative Costs		8	6
Bad and Doubtful Debts / Appeals			
- Write offs		1,684	1,596
- Provision for Appeals		2,005	1,248
- Increase / (decrease) in bad debt provision		(544)	(35)
		<u>276,255</u>	<u>288,210</u>
Surplus for the Year			
		<u>(6,402)</u>	<u>(7,144)</u>
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		6,401	7,853
- Greater London Authority		1,649	1,974
		<u>8,050</u>	<u>9,827</u>
Net Movement on Fund Balance			
		<u>1,648</u>	<u>2,683</u>
Fund Balance			
Balance at 1st April		(17,279)	(15,631)
Net movement for year		(6,402)	(7,144)
Distribution of 2015/16 and 2016/17 Surplus		8,050	9,827
Balance at 31st March - Deficit / (Surplus)		<u>(15,631)</u>	<u>(12,948)</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 2018 £000	Distribution of Surplus in 2018/19 £000	Surplus for 2018/19 £000	Surplus as at 31st March 2019 £000
London Borough of Bromley	(14,605)	7,853	(5,873)	(12,625)
Greater London Authority	(3,689)	1,974	(1,548)	(3,263)
	<u>(18,294)</u>	<u>9,827</u>	<u>(7,421)</u>	<u>(15,888)</u>

The balance of the surplus held at 31st March 2018 will be distributed in 2019/20 and the 2018/19 surplus will be distributed in 2020/21.

Business Rates Balance split into its attributable parts:

	Deficit for 31st March 2018 £000	Distribution of estimated Deficit in 2018/19 £000	Deficit for 2018/19 £000	Deficit as at 31st March 2019 £000
London Borough of Bromley	799	291	797	1,305
Greater London Authority	786	159	449	1,076
Central Government	1,078	519	-	559
	<u>2,663</u>	<u>969</u>	<u>1,246</u>	<u>2,940</u>

The deficit held at 31st March 2019 of £2,940k will be distributed in 2019/20 and 2020/21.

Council Tax and Business Rates Net Deficit / (Surplus)

(12,948)

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 2019

	Fund 1	Fund 2	TOTAL
	£000	£000	£000
Balance as at 1st April 2018	(258)	205	(53)
Movement in year on ex LRB functions:			
Income	(1)	(890)	(891)
Interest earnings on Fund balance	(3)	(1)	(4)
Contribution to Fund			
Expenditure		188	188
Distribution (note 1)			
Balance as at 31st March 2019	<u>(262)</u>	<u>(498)</u>	<u>(760)</u>

Balance Sheet as at 31st March 2019

2018		2019
£000		£000
221	<i>Assets</i>	
<u>221</u>	Debtors	<u>310</u>
53	Cash	<u>450</u>
<u>274</u>		<u>760</u>
	<i>Liabilities</i>	
258	Fund 1	262
(205)	Fund 2	498
<u>221</u>	Creditors	<u>760</u>
<u>274</u>		<u>760</u>

Notes to accounts

1) *2018/19 Distribution*

There was no distributions for 2018-19 as all income received has been used to top up the LRB funds to aid future claims against the LRB.

2) *Fund 1 & Fund 2*

As agreed in 2017-18 all income received for 2018-19 has been withheld.

3) *Fund 1*

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

Fund 2

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

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

PENSION FUND

NET ASSETS STATEMENT

31st March 2018 (restated)			31st March 2019	
£000	£000		£000	£000
	150	London Collective Investment Vehicle (CIV)		150
		Investment assets		
28,567		Equities - UK (quoted)	35,945	
546,112		- overseas (quoted)	600,529	
		Pooled investments		
155,148		- UK unitised insurance policies	11,444	
212,858		- UK open ended investment companies	332,434	
		Pooled property investments		
15,925		- UK open ended investment companies	48,573	
11,634		Cash deposits held by investment managers	9,652	
2,016		Investment income due	2,279	
238		Other investment balances - sales	97	
(911)		- purchases	-	
	971,587	Total investment assets		1,040,953
	971,737	Total net investments	10	1,041,103
-		Long-term debtors	12	70
		Current assets and liabilities		
1,075		Current assets - debtors	11	2,661
	1,075			2,731
(3,928)		Short term borrowing		(2,738)
(1,904)		Current liabilities - creditors	11	(2,106)
	(5,832)			(4,844)
	966,980	Net assets of the fund available to fund benefits at the end of the reporting period		1,038,990

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 14.

The balance as at 31st March 2018 has been restated to separate the investment in the London Collective Investment Vehicle (CIV) from investment assets

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 2018/19 and the underlying statutory powers underpinning the scheme, which are listed below.

(a) General

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

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

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

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

The following table shows the total membership of the Fund as at 31st March 2019 and 2018.

	2019	2018
Number of employers	113	110
Number of employees in scheme		
London Borough of Bromley	1,747	1,648
Other employers	4,569	4,550
	<u>6,316</u>	<u>6,198</u>
Number of pensioners		
London Borough of Bromley	4,511	4,456
Other employers	859	729
	<u>5,370</u>	<u>5,185</u>
Deferred pensioners		
London Borough of Bromley	3,748	3,831
Other employers	1,998	1,706
	<u>5,746</u>	<u>5,537</u>
Total number of members in pension scheme	<u>17,432</u>	<u>16,920</u>

PENSION FUND

Notes to the Accounts

1 Description of Fund continued

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active scheme members in accordance with the LGPS Regulations 2013 and, in 2018/19, ranged from 2.8% to 12.0% of pensionable pay. Contributions are also made by employers and these are set based on triennial actuarial valuations.

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage of pensionable pay. In 2018/19, total employer rates ranged from 5.6% to 38.0% 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 2018/19 financial year and its position as at 31st March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector, as well as guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG).

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 14.

The accounts have been prepared on a going concern basis.

3 Summary of Significant Accounting Policies

(a) Contribution income

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

PENSION FUND

Notes to the Accounts

3 Summary of Significant Accounting Policies continued

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

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

(c) Investment Income

(i) Interest income

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

(ii) Dividend income

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

(iii) Distributions from pooled funds

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

(iv) Movement in the net market value of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.

(d) Benefits payable

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

(e) Taxation

The Fund is a registered public service scheme under the Finance Act 2004 and, as such, is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

(f) Management expenses

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

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

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

PENSION FUND

Notes to the Accounts

3 *Summary of Significant Accounting Policies continued*

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

(g) Investment management expenses

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

(h) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 18).

(i) Foreign currency transactions

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

(j) Cash and cash equivalents

Cash comprises cash investments placed by the Fund managers and cash held internally by the Fund. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

(k) Financial liabilities

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

(l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 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 14). A summary of the results of the last full actuarial valuation is shown in Note 13.

(m) Additional voluntary contributions (AVCs)

The Council provides an AVC scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 15.

(n) Contingent Assets and Liabilities

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

PENSION FUND

Notes to the Accounts

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 13. The assumptions were determined after taking into account historical experience, current trends and other factors. This estimate is subject to significant variations based on changes to the underlying assumptions. Consequently, actual results may be materially different from estimates.

The actuarial present value of promised retirement benefits is included in Note 14. Estimation of the net liability to pay pensions and the judgements used are carried out by the scheme actuary. The significant judgements relate to the discount rate used, salary increase projections, inflation and demographic assumptions. Additionally the actuary has included the impact of the McCloud judgement in June 2019. This is estimated to increase liabilities by approximately 1% which amounts to £12m as at 31st March 2019.

5 *Events after the Balance Sheet Date*

There has been one adjusting event that provides additional information about conditions that existed at the end of the reporting period. There has been additional evidence regarding the McCloud case judgement, including a legal ruling by the Supreme Court on 27th June 2019 which rejected the Government's appeal. The impact on the present value of future retirement benefit is included within Note 14.

6 Contributions receivable	2017/18	2018/19
	£000	£000
Employer Contributions		
L.B. Bromley part of Fund		
L.B. Bromley - normal	7,880	7,968
- augmentations	453	1,055
- deficit funding	2,100	2,100
Scheduled bodies - Foundation Schools	147	157
	<u>10,580</u>	<u>11,280</u>
Other		
Scheduled bodies - normal - academies	10,283	11,061
- normal - colleges	634	688
Admitted bodies - normal	988	1,477
- deficit funding	469	478
	<u>22,954</u>	<u>24,984</u>
Member Contributions		
L.B. Bromley part of Fund		
L.B. Bromley	3,061	3,074
Scheduled bodies - Foundation Schools	40	42
	<u>3,101</u>	<u>3,116</u>
Other		
Scheduled bodies - academies	2,612	2,810
- colleges	265	289
Admitted bodies	306	389
	<u>6,284</u>	<u>6,604</u>

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

7 Management Expenses	2017/18	2018/19
	£000	£000
Administrative costs	500	530
London CIV implementation & service chg	100	90
External audit costs	21	21
PSAA refund re 2016/17 audit	-3	0
Investment management expenses	3,991	4,113
Oversight and governance costs	159	164
	<u>4,768</u>	<u>4,918</u>

PENSION FUND

Notes to the Accounts

8 Investment Management Expenses	2017/18	2018/19
	£000	£000
Management fees	3,654	3,807
Custody fees	125	162
Transaction costs	212	144
	<u>3,991</u>	<u>4,113</u>
9 Investment Income	2017/18	2018/19
	£000	£000
Income from equities	8,842	10,386
Pooled property investments	0	1,866
Pooled investments	0	8,424
Interest on cash deposits	-37	-49
	<u>8,805</u>	<u>20,627</u>

10 Investments

Following a review of the Fund's investment strategy in 2017, to help manage the projected cashflow negative position of the Fund, contracts were awarded for two income distributing Multi-Asset Income Funds (20% of the Fund) and a Property Fund (5% of the Fund) in December 2017, funded by the disinvestment of the two Diversified Growth Funds, and a reduction in the allocations to Global Equities and Fixed Income. The managers as at 31st March 2019 were as follows:

Global equities: Baillie Gifford, Blackrock and MFS.

Fixed income: Baillie Gifford and Fidelity.

Multi-Asset Income: Fidelity and Schroders.

Pooled Property: Fidelity.

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

The bid value of the Fund as at 31st March 2018 and 2019 was divided between the Fund managers as follows:

	31st March 2018		31st March 2019	
	£000	%	£000	%
Baillie Gifford - global equities	380,801	39.19%	418,276	40.18%
- fixed income	58,039	5.97%	59,158	5.68%
Fidelity - fixed income	75,635	7.78%	78,671	7.56%
- multi-asset income	79,192	8.15%	78,784	7.57%
- pooled property	15,925	1.64%	48,573	4.67%
MFS - global equities	206,847	21.29%	230,226	22.11%
Blackrock - global	155,148	15.97%	11,444	1.10%
Schroders - multi-asset income	0	0.00%	115,821	11.12%
London CIV	150	0.02%	150	0.01%
	<u>971,737</u>	<u>100.00%</u>	<u>1,041,103</u>	<u>100.00%</u>

The carrying amounts of financial assets held by Fund managers are held as fair value through profit and loss, with the exception of the London CIV investment which is held at cost.

There is no impact from the adoption of IFRS 9 Financial Instruments.

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

	31st March	31st March
	2018	2019
	£000	£000
Multi-Asset Income Fund (2)	79,192	194,605
Property Fund (1)	15,925	48,573
Global Equity Fund (1)	155,148	11,444
Sterling Bond Funds (2)	133,666	137,829
	<u>383,931</u>	<u>392,451</u>

PENSION FUND

Notes to the Accounts

10 Investments continued

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

	Value at 31st March 2018 £000	Purchases £000	Sales £000	Change in value £000	Value at 31st March 2019 £000
Equities	574,679	104,582	(91,630)	48,843	636,474
Pooled investments	383,931	155,240	(153,573)	6,853	392,451
	958,610	259,822	(245,203)	55,696	1,028,925
Cash deposits	11,634			4,251	9,652
Amounts receivable for sales	238				97
Investment income due	2,016				2,279
Amounts payable for purchases	(911)				-
Net investment assets	971,587			59,947	1,040,953

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

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year totalled £144k (£212k in 2017/18). 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 2018		31st March 2019	
	£000	% of total	£000	% of total
Baillie Gifford				
- Sterling Aggregate Plus Bond Fund	49,780	5.12	52,085	5.01
Blackrock - Ascent Life Global Equities Fund	155,148	15.97	11,444	1.10
Fidelity				
- Institutional Aggregate Bond Fund	75,627	7.78	78,671	7.57
- Diversified Income Fund	79,192	8.15	78,784	7.58
- UK Real Estate Fund	15,925	1.64	48,573	4.68
Schroders - Global Multi Asset Income	-	-	115,821	11.15

11 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.

	2017/18	2018/19
	£000	£000
<u>Short term debtors</u>		
Contributions due from employers and employees	1,072	1,323
Dividend income due	0	1,334
Other	3	4
	1,075	2,661
<u>Current liabilities</u>		
Fund management fees	734	736
Transfers out (group)	1,165	1,280
Other	5	90
	1,904	2,106

PENSION FUND

Notes to the Accounts

12 Long term debtors	2017/18	2018/19
<u>Long term debtors</u>	£000	£000
Reimbursement of lifetime tax allowances	0	70
	0	70

13 Funding Arrangements

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme Regulations 2013. The Fund's actuary, Mercer Ltd, carried out a full valuation of the Fund as at 31st March 2013, when its solvency level was calculated at 82%.

The 2013 actuarial valuation set the level of employer contributions required to attain 100% solvency within 15 years. It set employer rates for the years ending 31st March 2015, 2016 and 2017 at an average of 15.3% (excluding past deficit adjustment) and specified total annual lump sum past-deficit contributions of £6.0m.

The most recent full valuation of the Fund (as at 31st March 2016) was carried out by the actuary during 2016/17. This calculated a new solvency funding level of 91% and set a common employer contribution rate of 20.3% and total annual lump sum past-deficit contributions of £2.6m from 1st April 2017 until 31st March 2020 with the aim of recovering that deficit over 12 years.

A significant number of schools adopted academy status between 2014/15 and 2017/18. 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 12 years.

The following assumptions were employed in the 2013 and 2016 valuations.

	2013	2016
<u>Economic assumptions</u>	% p.a.	% p.a.
Increases in earnings - long term	4.1	3.7
- short term (3 years)	1.0	n/a
General Inflation	2.6	2.2
Increases in pensions	2.6	2.2
Investment return - Overall discount rate	4.95	4.2
<u>Mortality assumptions</u>	Years	Years
Life expectancy - male aged 65 now	22.9	23.2
- at 65 for male aged 45 now	25.1	25.8
- female aged 65 now	25.3	25.9
- at 65 for female aged 45 now	28.2	28.2

Commutation assumption - It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take a 3/80ths cash sum (the standard for pre April 2008 service).

14 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. The Fund is also required to disclose the actuarial present value of future benefits for the Fund as a whole. This was assessed by the Council's actuary under IAS 26 as £1,201m as at 31st March 2019 (£1,111m as at 31st March 2018). The Government Actuary's Department (GAD) has estimated that the impact of the McCloud judgement for the LGPS as a whole could be to increase active member liabilities by 3.2% (around 1% of overall liabilities) based on a given set of actuarial assumptions. Based on the calculation carried out by the Fund actuary the estimated increase in promised retirement benefits arising from the McCloud judgement is £12m increasing the total present value of promised retirement benefits to £1,213m. The demographic assumptions used in the IAS 26 report were the same as those used for the 2016 full valuation (see Note 13) and the following financial assumptions were used:

	2018	2019
	% p.a.	% p.a.
Increases in earnings	3.6	3.7
Increases in pensions	2.2	2.3
Inflation	2.1	2.2
Investment return - Overall discount rate	2.6	2.4

PENSION FUND

Notes to the Accounts

15 Additional Voluntary Contributions

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2017/18 and 2018/19 and the total value of AVC Funds as at 31st March 2018 and 2019 is shown below.

	2017/18	2018/19
	£000	£000
AVC contributions		
- to Aviva	47	18
- to Equitable Life *	-	-
Total contributions	47	18

* the total contribution to Equitable Life was zero in 2017/18, and zero in 2018/19.

	2017/18	2018/19
	£000	£000
Market Value		
- Aviva	899	881
- Equitable Life	66	46
Total Market Value	965	927

16 Related Parties

Two members of the Pensions Investment Sub-Committee during the year were in receipt of a pension, and one is a deferred pensioner.

A special responsibility allowance of £1,970 was paid to the Chairman of the Sub-Committee in both 2017/18 and 2018/19. No other payments were made for meeting attendance.

The Council incurred costs of £662k (£593k in 2017/18) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

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

	2017/18	2018/19
	£000	£000
Short-term benefits	9	12
Post-employment benefits	1	2
	10	14

17 Nature and extent of risks arising from financial instruments

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 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.

PENSION FUND

Notes to the Accounts

17 Nature and extent of risks arising from financial instruments continued

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.

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.

PENSION FUND

Notes to the Accounts

17 Nature and extent of risks arising from financial instruments continued

Credit Risk continued

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 had temporary borrowing of £2.7m under its treasury management arrangements at 31st March 2019 (£3.9m as at 31st March 2018). Although the Pension Fund Revenue Account balance was cash negative for the year, the new income distributing funds (see note 9) are intended to rectify this position going forward, and, as a result, it was not considered viable to separate out Pension Fund cash from Council cash.

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

Liquidity Risk

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

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

The Fund has illiquid assets through the Fidelity Property Fund, which had a value of £48.6m as at 31st March 2019, representing 4.67% of investment assets (£15.9m (1.64%) as at 31st March 2018).

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.

Summary

The following table sets out the potential sums at risk, most of which are remote possibilities, under the various types of risk:

PENSION FUND

Notes to the Accounts

17 Nature and extent of risks arising from financial instruments continued

	Market Risk £000	Other Price £000	Currency Risk £000	Liquidity Risk £000	Interest Rate Risk £000	Credit Risk £000
UK Equities (quoted)	35,945	35,945	-	-	-	35,945
Overseas Equities (quoted)	600,529	600,529	600,529	-	-	600,529
Pooled Investments						
- Multi-Asset Income Funds *	194,605	194,605	194,605	194,605	194,605	194,605
- Global Equity Fund	11,444	11,444	11,444	-	-	11,444
- Sterling Bond Funds	137,829	-	-	-	137,829	137,829
- Property Funds	48,573	48,573	-	48,573	-	48,573
Cash and cash equivalents	-	9,749	-	-	9,749	9,749
	1,028,925	900,845	806,578	243,178	342,183	1,038,674

* The Multi-Asset Income Fund invests 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.

18 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 pooled investments 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. The investment in the London CIV falls into this category.

19 Contingent Assets

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

20 Contingent Liabilities

Defined benefit pension schemes that were Contracted-out Salary Related (COSR) schemes before contracting-out ended on 6th April 2016 need to provide a Guaranteed Minimum Pension (GMP) to members for contracted-out service between 6th April 1978 and 5th April 1997.

Guaranteed Minimum Pension (GMP) relates to the period where Members of a pension scheme were 'contracted out' of additional state pension arrangements (eg. SERPS or S2P). If the contracted out benefits are less than the pensioner would have received if the contracting out had not applied, the pension scheme would be required to increase the pension paid to reach the GMP.

Scheme actuaries are assessing the impact on the LGPS and other schemes but estimates of the financial impact for individual Funds are not yet available.



Annual Governance Statement 2018/19

FINAL

Contents

1. Executive Summary	2
2. Significant Governance Issues	2
3. What is Corporate Governance?.....	4
3.1 Definition	4
3.2 The Principles	5
4. The Council - How it Works	7
5. Outcomes and Value for Money.....	9
5.1 Building a Better Bromley 2016-2018.....	9
5.2 Portfolio Plans	9
5.3 Managing our Resources (Value for Money).....	10
6. How do we know our arrangements are working?	12
6.1 The Role of Management	12
6.2 The Role of the Audit Committee	13
6.3 Our Governance Framework	14
6.4 Annual Governance Assurance Statement.....	15
6.5 External Inspections/Peer Reviews	15
6.6 The Role of Internal Audit	16
6.7 The Role of the Head of Audit and Opinion on Governance Risk and Control.....	16
7. Our Strategic Risks.....	16
8. Looking Back on 2017/18	18
Appendix 1 – Links to Documents.....	21

1. Executive Summary

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

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

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Building a Better Bromley' contains the guiding principles for Bromley Council. Following public consultation, in 2016 Bromley Council updated and relaunched the priorities contained in the vision and strengthened links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

[Building a Better Bromley \(2016-2018\)](#)

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2019 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

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

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

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified a number of areas for improvement.

Progress made in dealing with the governance issues identified in the 2017/18 Annual Governance Statement is detailed on pages 18 - 20.

Four areas, detailed overleaf, have been identified as requiring further work during 2019/20:

Governance Issue	Action	Lead Officer
<p>Finance Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2019/20 without a detrimental impact on key services. There are significant mitigation options to partly offset growth/cost pressures being implemented for 2019/20. Significant challenges remain for 2020/21 and beyond.</p>	<p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16th January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.</p> <p>Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</p>	<p>Director of Finance</p>
<p>Health and Safety/Fire Safety Compliance Strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice.</p>	<p>Health and Safety Risk Assessments Compile a full suite of comprehensive Health and Safety Risk Assessments, demonstrating that Health and Safety Risks have been established and action plans are in place to implement controls.</p> <p>Fire Safety Risk Assessments Action is being taken to address the site management issues identified in the Operational Property Estate Fire Risk Assessments:-</p> <ul style="list-style-type: none"> • A person responsible for fire safety is identified at each building • Contractors occupying buildings are carrying out fire safety properly, if their responsibility • Suitable training/guidance is delivered either in house or externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence. 	<p>Director of Human Resources and Customer Services</p>
<p>Contract Management and Monitoring Strengthen control arrangements and effectiveness of Contract Management.</p>	<p>Clarify and communicate to all staff their roles and responsibilities in respect of the management of key contracts.</p> <p>Monitor compliance against Contract Procedure Rules Contract Monitoring requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team.</p> <p>Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts, feeding back any issues/actions to the Chief Officers' Executive/Corporate Leadership Team.</p> <p>Embed learning and best practice for contract management via Practice Notes on the Managers' Toolkit and through a quarterly Contract Owners Forum to ensure governance compliance and consistency.</p>	<p>Assistant Director, Governance and Contracts</p>

Valuation of Fixed Assets

Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council's 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council's assets.

The Council's Assistant Director, Strategic Property, is working with our external real estate property advisors/valuers to ensure that this work is completed within a timescale to allow restatement of the Council's accounts prior to the end of the current financial year.

Assistant Director, Strategic Property

3. What is Corporate Governance?

3.1 Definition

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

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

It also states that:-

'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'

'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Interim Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

Bromley Council recognises that:

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

3.2 The Principles

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

How we do this

- Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one's office
- Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively
- Adherence to ethical values and respect for the rule of law
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities

Principle B – Ensuring openness and comprehensive stakeholder engagement

How we do this

- Ensuring transparency of decisions supported by an effective scrutiny and challenge process
- Consulting with residents during the budget setting process for 2019/20 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits

How we do this

- Having a clear vision and strategy, with key partner organisations through ‘Building a Better Bromley’
- Delivering defined, sustainable outcomes within the limits of resources and authority
- Balancing competing demands with finite resources when determining priorities; managing service users’ expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation’s vision and short term factors such as financial constraints

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

How we do this

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users
- Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
- Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals

How we do this

- Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
- Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
- Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
- Supporting the workforce to maintain their health and wellbeing

Principle F – Managing risks and performance through robust internal control and strong public financial management

How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

How we do this

- Publishing information on our activities and decisions
- Maintaining a rigorous, effective and transparent decision making and scrutiny process
- Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
- Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
- Maintaining an effective internal and external audit service, with direct access to Members

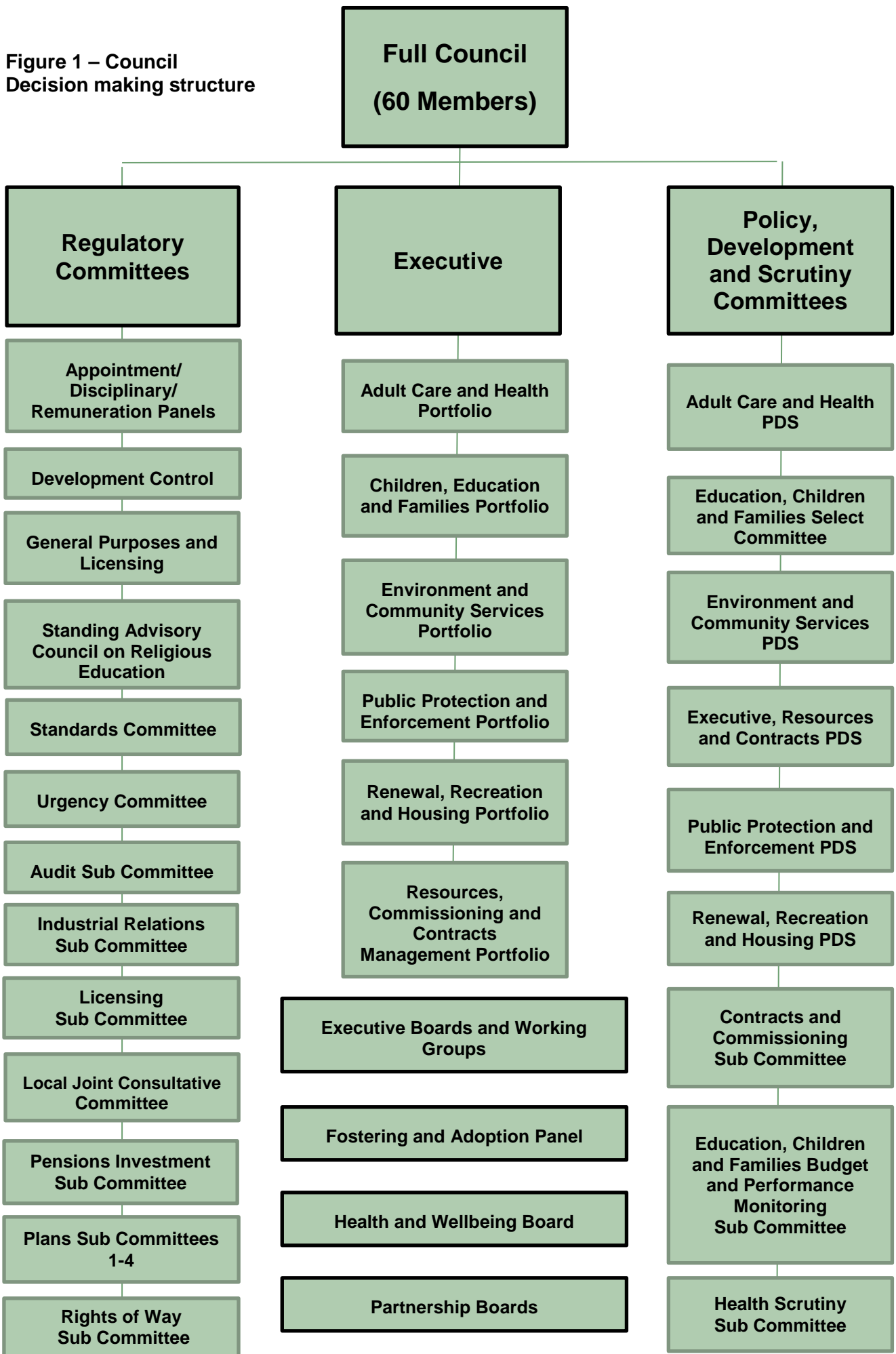
4. The Council - How it Works

This Annual Governance Statement covers the period 1st April 2018 to 31st March 2019.

The Council is made up of 60 Councillors with the decision making structure divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which includes the Leader and six Councillors with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee and the General Purposes and Licensing Committee.

The decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



5. Outcomes and Value for Money

5.1 Building a Better Bromley 2016-2018

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self-reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

Bromley aims to create an environment where children and young people can be successful: supporting people into work; offering advice and signposting to self-help solutions, and working with partners to minimise crime and antisocial behaviour.

Bromley recognises that this activity cannot be done in isolation, so will continue strong support for the voluntary sector as well as working closely with outside bodies in the private and public sector.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley's achievements over the past year and plans for the future are reported in the Leader's Foreword and Statement of Accounts.

5.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder's aims in the current year and the supporting performance targets, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the Members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned to the priorities identified in Building a Better Bromley. In addition, the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community's needs, agree priorities and encourage commissioners to work in a more joined up way.

[Adult Care and Health Portfolio Plan 2018/22](#)

[Children, Education and Families Portfolio Plan 2018/22](#)

[Environment and Community Services Portfolio Plan 2018/21](#)

[Public Protection and Enforcement Portfolio Plan 2018/19](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19](#)

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

[Adult Care and Health Portfolio Plan 2018/2022 - Quarter Two update covering report \(November 2018\)](#)

[Adult Care and Health Portfolio Plan 2018/2022 - Quarter Two update on progress \(November 2018\)](#)

[Education, Children and Families Portfolio Plan 2018/2022 - Quarter Two update covering report \(October 2018\)](#)

[Education, Children and Families Portfolio Plan 2018/2022 - Quarter Two update on progress \(October 2018\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update covering report \(January 2019\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update on progress \(January 2019\)](#)

[Public Protection and Enforcement Performance Overview \(January 2019\)](#)

[Environment and Community Services Performance Overview \(February 2019\)](#)

5.3 Managing our Resources (Value for Money)

The Council's external auditors issued an unqualified opinion on the Authority's financial statements on 26th July 2018. This means that they believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements include those of the Pension Fund.

The audit procedures are designed to:

- ▶ Identify misstatements which are material to their opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £9 million which equates to around 1.5% of gross expenditure;
- ▶ Detect errors in specific accounts at a lower level of precision. Materiality for the Pension Fund was set at £9 million which is approximately 0.99% of gross assets.

The external auditors identified one audit adjustment with a total value of £1.36 million relating to the reclassification of a property from assets held for sale to surplus assets. This adjustment does not result in a change in the reported deficit on provision of services or a net change in the general fund balance. The external auditors stated that they were provided with a good first draft of the financial statements. Their audit work was designed to specifically address the following significant risks for which no issues were identified:-

- ▶ **Management Override of Controls** – The audit methodology incorporates the risk of management override as a default significant risk;
- ▶ **Valuation of PPE (Plant, Property and Equipment)** – The authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, individual assets may not be revalued for four years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value;
- ▶ **Pension Liabilities** – Valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions and actuarial methodology which results in the Authority's overall valuation;
- ▶ **Faster Close** – The timetable available to produce draft accounts was reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in previous years.

Whilst not explicitly covered by the audit opinion, the external auditors reviewed other information that accompanies the financial statements to consider its material consistency with the audited accounts. For 2017/18, they reviewed the Annual Governance Statement and Narrative Report. They concluded that they were consistent with their understanding and did not identify any issues.

There were no significant issues arising from their audit of the pension fund and the external auditors issued an unqualified opinion on the pension fund financial statements as part of their audit report.

A qualified 'except for' conclusion was issued on the authority's arrangements to secure value for money (VFM conclusion) for 2017/18 on 26th July 2018. This means that the external auditors were satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of resources, except for the area of children's services where the authority received an 'Inadequate' Ofsted inspection in June 2016 and these findings had not yet been fully remediated. This was an ongoing issue from previous years. To arrive at their conclusion, external audit looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties. It should be noted that Ofsted subsequently judged children's services as 'Good' across all practice areas and the impact of leaders on social work practice has been judged as 'Outstanding'.

The audit cannot be formally concluded and an audit certificate issued as the external auditors are currently considering elector queries relating to 2016/17 and 2017/18. Until they have completed their consideration of these, they are unable to certify that they have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 16th January 2019.

[Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23](#)

Although the London Business Rate Pilot provides additional income in 2019/20, there is uncertainty on the impact of full devolution of business rates, awaited Spending Review and the outcome of the Government's 'Fairer Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until at least 2020/21, whilst the fiscal squeeze for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service challenges are managed effectively.

The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap, as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with the fiscal squeeze for local government continuing.

The background to the impact of the real reductions in government funding within the local authority landscape was reported to the January 2019 meeting of the Executive. Bromley has delivered savings of over £97m since 2011 and has a low cost base which makes further savings more challenging. Real term reductions in Government funding, future year cost pressures and new burdens are expected to continue over the next four years.

The Council is 'better placed' than many other authorities due to remaining debt free, has retained adequate level of reserves and maintained adequate provisions in the Council's revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and devolution of business rates from 2020/21) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the 'budget gap' further. Apart from continuing the 'One Council' approach as reported to the January 2019 meeting of the Executive, the further new measures relating to the Transformational Review and Core Statutory Minimum Requirements review are essential to identify options from 2020/21 to address the medium term budget gap and ensure the Council can continue to 'live within its means'. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their 'cash envelope'.

Stewardship and delivering sustainable finances are increasingly important whilst cost pressures and the Government's fiscal squeeze continues. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit.

This year we sought to collect views from residents through meetings with residents' associations and by requesting views through media and social media as the Council sets the budget for 2019-20 and beyond.

Two round table meetings for representatives of the Borough's residents' associations were held at the Civic Centre. These meetings were attended by 57 people from 29 associations, out of the 131 associations invited from across the Borough. Background information was uploaded to the Council's website, distributed to the residents' association representatives and highlighted to the wider audience through media and social media. Residents were invited to get in touch through the Leader's mailbox and say what they think the Council is doing well, where they believe improvements could be made and a greater focus placed, and how we can work together better to keep and improve our Borough as the great place it is to live, work, do business and relax in, as we move to the future.

Residents' comments will be considered as the Council prioritises key issues and as Councillors make decisions on the Council's services into the future. A bullet point summary of the observations made by residents at the meetings and through E mail and social media can be found in Appendix 9 (page 91 onwards) of the Draft 2019/20 Budget and update on the Council's Financial Strategy 2020/21 to 2022/23.

[Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23](#)

6. How do we know our arrangements are working?

6.1 The Role of Management

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit in its membership, oversees the Council's governance arrangements and delivery of the Annual Governance Statement.

This year, Internal Audit commissioned Zurich, in their capacity as the Authority's insurers, to carry out a series of 'check and challenge' sessions to review and refresh the departmental Risk Registers resulting in an updated suite reflecting the current risk profile of the organisation. Zurich attended the January 2019 Corporate Risk Management Group meeting to discuss the output, further strengthening Risk Management and controls within the Council. None of the registers required wholesale changes and a good general awareness and understanding of Risk Management was reported. Overall there was a good level of engagement and it was evident throughout those discussions that in the last couple of years, and in particularly recently, risk has become embedded and is more 'live'.

This year, a review of our governance arrangements was undertaken by Internal Audit, overseen by the Corporate Risk Management Group. As part of that review, the Council's Anti-Fraud and Corruption Strategy was updated and approved by the Audit Sub Committee on 26th February 2019. This also includes updates to the Raising Concerns (Whistleblowing Policy), Anti Bribery Policy and the Money Laundering Policy.

[Anti-Fraud and Corruption Strategy](#)

The Standards Committee of 22nd January 2019 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the Authority's Whistleblowing

policy (Raising Concerns), Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

[Monitoring Officer's General Report 22nd January 2019](#)

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

6.2 The Role of the Audit Committee

The Council has appointed an Audit Sub-Committee which considers financial delegations, fraud prevention, internal and external audit. It is a sub-committee of the General Purposes and Licensing Committee and meets three times a year.

[Audit Sub Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit Sub-Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All Priority One recommendations from Internal Audit are tracked by the Committee until implemented.

In January 2019, the Constitution Improvement Working Group concluded that allowing an Executive Member to sit on the Audit Sub Committee could, potentially, be perceived as compromising its independence. Following approval by Council, para 2.02 of the Constitution was amended to 'Audit Sub Committee (Membership proportional, and to exclude any member of the Executive)'.

6.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

	Policy/Process
A	Annual Audit Letter
	Annual Governance Statement
	Anti-Bribery Policy and Procedures
	Anti-Fraud and Corruption Strategy
	Anti-Money Laundering Policy
	Audit Sub Committee
B	Building a Better Bromley
C	Capital Strategy
	Code of Conduct for Members
	Complaints System
	Constitution
	Contract Procedure Rules/Standing Orders
	Corporate Induction Process
	Corporate Leadership Team
	Corporate Operating Principles
	Customer Access Channel Strategy
	Customer Services Charter
D	DISCUSS Appraisal Scheme
E	Executive and Resources PDS Committee Annual Report
F	Financial Regulations
	Financial Strategy
	Forward Plan of Key Decisions
G	'Getting it Right' – Complaints, Compliments and Suggestions
	Gifts and Hospitality Code of Conduct
H	Head of Audit
	Head of Paid Service
I	Internal and External Audit Reports
	Internal Audit Opinion and Annual Report
	Internal Controls
	IT Governance
L	Leader's Foreword and Statement of Accounts
	Learning and Development
	Local Development Framework
M	Member/Officer Protocol
	Monitoring Officer (Director of Corporate Services)
P	Portfolio Plans
	Public Consultations/Meetings
R	'Raising Concerns' whistle blowing
	Register of Interests
	Risk Management Strategy
S	Scheme of Delegation
	Section 151 Officer (Director of Finance)
	Statement of Accounts
T	Treasury Management Strategy

6.4 Annual Governance Assurance Statement

Each member of the Corporate Leadership Team is required to confirm that:

'In meeting my responsibilities above, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ The monthly Cumulative Spend Report has been reviewed and agreed as part of the Full Budget Monitoring System
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed'.

6.5 External Inspections/Peer Reviews

During the last year the Council has received the following assessments from other Inspectorates, agencies or Peer Reviews:

- Ofsted – Inspection of Children's Social Care Services (19th – 30th November 2018)
[Ofsted - Inspection of Children's Social Care Services](#)
[Press Release - 7th January 2019](#)
[Press Release - 17th January 2019](#)
- Care Quality Commission – Review of Reablement (2nd May 2018, published 30th May 2018)
[Care Quality Commission - Review of Reablement \(2nd May 2018\)](#)
- Ofsted – Inspection of Further Education and Skills (15th – 18th January 2019)
[Ofsted - Inspection of Further Education and Skills \(15th - 18th January 2019\)](#)
[Press Release - 8th March 2019](#)

- Care Quality Commission – Review of Shared Lives (2nd May 2018, published 30th May 2018)
[Care Quality Commission - Review of Shared Lives \(24th January 2019\)](#)

6.6 The Role of Internal Audit

Internal Audit provides independent and objective assurance to the Council through its Audit Sub-Committee, to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs, and is a key component of Corporate Governance within the Council.

An independent Internal Audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Sub-Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval.

6.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

The Head of Audit is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control framework. Their Annual Report and Opinion has been considered and any significant issues incorporated as a result.

From the work undertaken during 2018/19, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged.

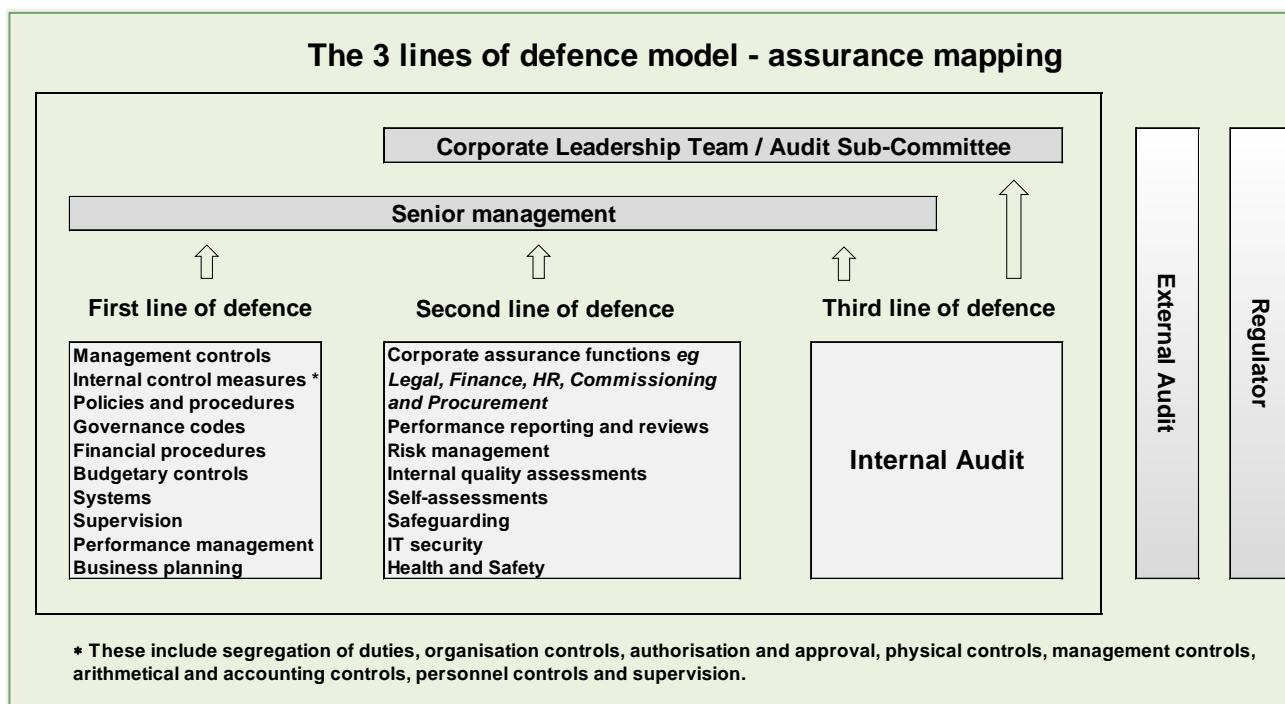
7. Our Strategic Risks

The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance. Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation.

- ▶ First line – operational management controls
- ▶ Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ▶ Third line – independent assurance

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Sub-Committee on how effectively the first and second lines of defence have been operating.

Figure 2 – 3 Lines of Defence Model



Risk management is an important element of the system of internal control at Bromley Council. It is based on a process designed to identify, prioritise and control the risks to achieving Bromley’s policies, aims and objectives.

The Corporate Risk Register is a key document in the Council’s approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the ‘Building a Better Bromley’ vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officers assume the lead role for Strategic Risks affecting their own service areas with the Corporate Risk Register reviewed at least annually. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council’s approach to risk management, and ensures that effective risk management processes are fully embedded.

The current Corporate Risk Register can be viewed via following the link

[Corporate Risk Register](#)

8. Looking Back on 2017/18

Governance Issue	Action	Progress
<p>Finance Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2018/19 without a detrimental impact on key services. There are savings/income generating options required for 2019/20. However, there are significant challenges for 2020/21 and beyond</p> <p>(Director of Finance)</p>	<p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2018/19 budget and update on Council's financial strategy 2019/20 to 2021/22 report to Executive on 10th January 2018 identified the 'One Council' approach.</p> <p>Draft 2018/19 Budget and update on Council's Financial Strategy 2019/20 to 2021/22</p>	<p>Draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16th January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.</p> <p>Work is ongoing to explore options to address the future year's budget gap through the four year forward planning arrangements.</p> <p>Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</p>
<p>Contract Management Contract issues have been identified across the organisation in the last two years which have identified the need for strengthened control and management oversight</p> <p>(Director of Commissioning)</p>	<p>Contract Database Authorisation system for tendering/change control</p> <p>Document Management System Holds all contracts electronically and also Minutes of meetings, Change Control Notices (CCN), Waivers</p> <p>Training Has been identified as a mandatory requirement for 'commissioners of services'. It consists of four modules (3 hours per module) with compulsory attendance on all four to complete the course.</p> <ul style="list-style-type: none"> • Module 1 – Commissioning • Module 2 – Contracting process, engaging with the market (procurement) • Module 3 – Tender & evaluation process • Module 4 – Award (Governance) <p>Restructuring of the Commissioning Team To improve Governance and Quality Assurance</p>	<p>Contract Database Manual authorisation system updated with templates and guidance available. Monitoring of the authorisation process through the Commissioning Board. Managing the authorisation process through the Database is in development with expected roll out in early 2019.</p> <p>Document Management System The Database is fully in place and embedded through the organisation. Regular data quality checks and follow up actions are in place.</p> <p>Training The first suite of training has been completed (now five modules). Sessions are being repeated in the first half of 2019.</p> <p>Restructuring of the Commissioning Team Restructure carried out. Structure to be reviewed in context of Transformation agenda.</p>
<p>Performance Management Further work is required to ensure a comprehensive understanding of the strengths and weaknesses of services provided; effective use of</p>	<p>We will be launching an Adults Performance Framework during 2018/19 to compliment the new Children's Performance Management Framework launched in 2017/18. The Council will also be improving performance management</p>	<p>The Adults Performance Framework was launched in June 2018. Implemented through a phased approach, there are ongoing improvements to management oversight.</p>

<p>performance management information and robust quality assurance arrangements across the Council, building on the work undertaken in Children's Services</p> <p>(Assistant Director, Strategy, Performance and Business Support)</p>	<p>arrangements more broadly across the Council.</p> <p>Performance Reporting - Children's Services - covering report</p> <p>Performance Index</p>	<p>Performance Management Framework - Adults Services</p> <p>In regards to the Children's Performance Management Framework it is noteworthy that the Ofsted inspection in December 2018 highlighted the following:- 'Performance Information has substantially improved since the last inspection and it can now be relied on to help leaders and managers to identify and understand important areas of risk and to prioritise actions. Senior Leaders, including the Chief Executive and Lead Member, have a clear understanding of frontline practice and they interrogate performance information effectively in order to continue to improve. The use of performance information is embedded throughout Children's Services and is accessible to all managers. Improved accountability means that there is sharp analysis and challenge ensuring that issues are tackled as they arise'.</p>
<p>Code of Corporate Governance The Council's Code of Corporate Governance has not been updated to reflect the 2016 CIPFA /Solace guidance</p> <p>(Director of Corporate Services and Monitoring Officer)</p>	<p>A review of the Code will be undertaken to ensure that it reflects recommended practice</p>	<p>A draft code has been produced reflecting the CIPFA/Solace guidance. This will accompany the Annual Governance Statement through the Audit Sub-Committee, General Purposes and Licensing Committee approval process.</p>
<p>General Data Protection Regulations (GDPR) Significant changes were required to ensure that the Council is compliant with the General Data Protection Regulations 2016 (GDPR) when introduced on the 25th May 2018.</p> <p>(Director of Corporate Services)</p>	<p>Following an independent review which provided a data protection compliance review and initial gap analysis, a project plan was created with actionable tasks for working towards GDPR compliance. Additional staff support and investment have been secured. The 25th May 2018 was not a finish line and work is continuing on the project plan.</p> <p>GDPR Regulations Executive Report 6th December 2017</p>	<p>Work was undertaken and prioritised in terms of risk to ensure that the Council met and continues to meet its data protection obligations. Risk impact assessments were conducted to ensure that Council processes are actioned giving consideration to adequate technical and organisational measures. Significant structures have been put in place to ensure the organic inclusion of privacy by design and by default that ensures robustly embedded in security. The evolution of this work is the delivery of the progressive Information Management strategy with work currently being carried</p>

		<p>out to implement and transition it into operation throughout the Council to support the IT Transformation project.</p> <p>Zurich Information Governance Health Check Report November 2018</p>
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To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issue defined on pages 3 and 4 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.....

Signed.....

Chief Executive

Leader of the Council

Date.....

Date.....

Appendix 1 – Links to Documents

Page 2	Building a Better Bromley (2016-2018)
http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley	
Page 3	Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23
https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf	
Page 9	Adult Care and Health Services Portfolio Plan 2018/22
https://www.bromley.gov.uk/downloads/file/1741/care_services_portfolio_plan	
Page 9	Children Education and Families Portfolio Plan 2018/22
https://www.bromley.gov.uk/downloads/file/1796/education_children_and_families_portfolio_plan	
Page 9	Environment and Community Services Portfolio Plan 2018/21
https://cds.bromley.gov.uk/documents/s50061598/Appendix%201%20Environment%20Portfolio%20Plan.pdf	
Page 9	Public Protection and Enforcement Portfolio Plan 2018/19
https://cds.bromley.gov.uk/documents/s50061439/appendix%201%20draft%20PPE%20PP.pdf	
Page 9	Renewal, Recreation and Housing Portfolio Plan 2018/19
https://cds.bromley.gov.uk/documents/s50061284/Appendix%201%20for%20Renewal%20Recreation%20and%20Housing%20Portfolio%20Plan.pdf	
Page 9	Adult, Care and Health Portfolio Plan 2018/22 – Quarter Two update covering report (November 2018)
https://cds.bromley.gov.uk/documents/s50064768/Adult%20Care%20and%20Health%20Portfolio%20Plan%202018-2022%20Update%20-%20Quarter%202%20201819.pdf	
Page 9	Adult, Care and Health Portfolio Plan 2018/22 – Quarter Two update on progress (November 2018)

https://cds.bromley.gov.uk/documents/s50064769/App.%20%20to%20Adult%20Care%20and%20Health%20Portfolio%20Plan%202018-2022%20Update%20-%20Quarter%202%20201819.pdf	
Page 9	Education, Children and Families Portfolio Plan 2018/22 – Quarter Two update covering report (October 2018)
https://cds.bromley.gov.uk/mgConvert2PDF.aspx?ID=50063955&ISATT=1#search=%22portfolio%20plan%20%22	
Page 10	Education, Children and Families Portfolio Plan 2018/22 – Quarter Two update on progress (October 2018)
https://cds.bromley.gov.uk/mgConvert2PDF.aspx?ID=50063955&ISATT=1#search=%22portfolio%20plan%20%22	
Page 10	Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update covering report (January 2019)
https://cds.bromley.gov.uk/documents/s50065860/Renewal%20Recreation%20and%20Housing%20Portfolio%20Plan%20-%20Quarter%20Two%20UpdatePART%201%20REPORT%20TEMPLATE.pdf	
Page 10	Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update on progress (January 2019)
https://cds.bromley.gov.uk/documents/s50065861/Enc.%20%20for%20Renewal%20Recreation%20and%20Housing%20Portfolio%20Plan%20-%20Quarter%20Two%20Update.pdf	
Page 10	Public Protection and Enforcement Performance Overview 2018/19 (January 2019)
https://cds.bromley.gov.uk/documents/s50066154/Copy%20of%2019.01.30%20PPE%20Portfolio_RAG_Report%202018_vFINAL_21.01.19.pdf?CT=2	
Page 10	Environment and Community Services Performance Overview 2018/19 (January 2019)
https://cds.bromley.gov.uk/documents/s50066260/ECS%20Performance%20Monitoring%20201819.pdf?CT=2	
Page 11	Draft 2019/20 Budget and Update on Council’s Financial Strategy 2020/21 to 2022/23
https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf	
Page 12	Draft 2019/20 Budget and Update on Council’s Financial Strategy 2020/21 to 2022/23
https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf	
Page 12	Anti-Fraud and Corruption Strategy

<https://cds.bromley.gov.uk/documents/s50067028/Appendix%20C-Update%20to%20Anti%20Fraud%20Corruption%20PolicyWhistleblowingBriberyMoney%20Laundering%20Policies.pdf>

Page 13

Monitoring Officer's General Report 22nd January 2019

<https://cds.bromley.gov.uk/documents/s50065897/MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf>

Page 14

Audit Sub Committee Meetings (Agendas, Papers, Minutes)

<http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0>

Page 15

Ofsted – Inspection of Children's Social Care Services (19th – 30th November 2019) – Report

<https://reports.ofsted.gov.uk/provider/44/305>

Page 15

Ofsted – Inspection of Children's Social Care Services (19th – 30th November 2019) – Press Release 7th January 2019

https://www.bromley.gov.uk/press/article/1466/bromley_children_s_services_leap_to_good_with_outstanding_leadership

Page 15

Ofsted – Inspection of Children's Social Care Services (19th – 30th November 2018) – Press Release 17th January 2019

https://www.bromley.gov.uk/press/article/1467/outstanding_leadership_and_good_overall_ofsted_judgements_brought_about_by_fundamental_shift_in_approach_to_children_s_services

Page 15

Care Quality Commission – Review of Reablement (2nd May 2018) - Report

<https://www.cqc.org.uk/location/1-176333932>

Page 15

Ofsted Inspection of Further Education and Skills. (15th – 18th January 2019)

<https://cds.bromley.gov.uk/documents/s50067494/Final%20Ofsted%20report%20-%20Bromley%20Adult%20Education%20January%202019.pdf>

Page 15

Ofsted Inspection of Further Education and Skills (15th – 18th January 2019) – Press Release 8th March 2019

https://www.bromley.gov.uk/press/article/1487/bromley_adult_education_gets_good_marks_from_ofsted

Page 16	Care Quality Commission – Review of Shared Lives (24th January 2019)
https://www.cqc.org.uk/sites/default/files/new_reports/INS2-2838196510.pdf	
Page 17	Corporate Risk Register
https://cds.bromley.gov.uk/documents/s50064510/Appendix%20A%20-%20Corporate%20Risk%20Register.pdf?CT=2	
Page 18	Draft 2018/19 Budget and update on Council's Financial Strategy 2019/20 to 2021/22
https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf	
Page 18	Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23
https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf	
Page 19	Performance Reporting – Children's Services – Covering Report
http://cds.bromley.gov.uk/documents/s50059461/Performance%20Reporting%20-%20Childrens%20Services.pdf	
Page 19	Performance Reporting – Children's Services – Performance Index
http://cds.bromley.gov.uk/documents/s50059462/App.%20to%20Performance%20Reporting%20-%20Childrens%20Services.pdf	
Page 19	Performance Management Framework – Adults Services
https://cds.bromley.gov.uk/documents/s50061329/Performance%20Management%20Framework%20-%20Adults%20Services.pdf	
Page 19	GDPR Regulations Executive Report 6th December 2017
http://cds.bromley.gov.uk/documents/b50011952/10.%20THE%20GENERAL%20DATA%20PROTECTION%20REGULATIONS%202016%20Wednesday%2006-Dec-2017%2019.00%20Executive.pdf?T=9	
Page 20	Zurich Information Governance Health Check Report
https://cds.bromley.gov.uk/documents/s50067026/Appendix%20A-Zurich%20Information%20Governance%20Report.pdf	

GLOSSARY OF TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary

An independent consultant who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses

Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

Agent is where the Council is acting as an intermediary.

Balance Sheet

A statement showing the position of the Council's assets and liabilities as at 31st March in each year.

Billing Authority

A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its areas. Bromley is a billing authority.

Budget

A forecast of the Council's planned expenditure. The level of the council tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Adjustment Account

This reserve includes amounts set aside from either revenue resources or capital receipts to fund the acquisition of fixed assets.

Capital Charges

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt

The proceeds from the sale of a fixed asset.

Carrying amount

Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Change in Accounting Estimate

Is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future

benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

Collection Fund

Statutory account showing transactions in relation to collection of Council Tax, administration of National Non-Domestic Rates and contributions made to the General Fund of Bromley Council and the GLA.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax

A local charge (or charges set by the council and the GLA) in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge (poll tax) on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Support

The Council operates a national council tax benefit scheme which supports pensioners and working age people on low incomes to pay their council tax.

Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Asset

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

Current Expenditure

A general term for the direct running costs of local authority services, including employee costs and running expenses.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Current Service Cost

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

Debtors

Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

Deferred Capital Receipts

These result mainly from loans to Housing Associations plus outstanding loans in respect of past sales of Council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long-term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

Demand on the Collection Fund

Represents the amount calculated by the council or the GLA to be transferable from the council's collection fund to its general fund.

Depreciation

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves

Reserves set aside for a specific purpose or a particular service or type of expenditure.

Employee benefits

Are all forms of consideration given by an entity in exchange for service rendered by employees.

Events after the reporting period

Are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

Fixed Assets

Tangible assets that yield benefit to the local authority and its services for a period of more than one year.

Formula Grant

The main channel of government funding which includes re-distributed Business Rates and Revenue Support Grant. There are no restrictions on what local authorities can spend it on.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Greater London Authority

A strategic authority for London created on 3rd July 2000.

Historical Cost

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Housing Benefit

Financial help given to local authority or private tenants whose income falls below prescribed amounts.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets

Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths, bridges and sewers.

Intangible Assets

An intangible asset is an *identifiable* non-monetary asset without physical substance. It must be *controlled* by the authority as a result of past events, and *future economic or service benefits* must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Inventories

Are assets:

- a) in the form of materials or supplies to be consumed in the production process
- b) in the form of materials or supplies to be consumed or distributed in the rendering of services
- c) held for sale or distribution in the ordinary course of operations, or
- d) in the process of production for sale or distribution.

Investment Property

Is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:

- a) use in the production or supply of goods or services or for administrative purposes, or
- b) sale in the ordinary course of operations.

Levies

A payment that a local authority is required to make to a particular body (a levying body) to meet London wide services. Levying bodies include the London Pensions Fund Authority, London Boroughs Grants Committee, Environment Agency and Lee Valley Regional Park.

Material

Material omissions or misstatements of items are material if they could, individually or collectively, Statement influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NNDR - National Non Domestic Rates

Non-Domestic Rates, or Business Rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced on 1 April 2013, the Council keeps a proportion of the business rates paid locally.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributable Costs

These include overheads for which no user benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

Non-Operational Assets

Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost

The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Pensions Interest Cost

The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Post-Employment Benefits

Are employee benefits (other than termination benefits) which are payable after the completion of employment.

Present Value of a Defined Benefit Obligation

Is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Provision

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

Recharges

The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

Recoverable Amount

Of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction

Is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation Reserve

This reserve records accumulated gains on fixed assets arising from periodic asset revaluations.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred that may be capitalised under statutory provisions but that does not add value to the Council's fixed assets.

Revenue Support Grant - RSG

A general grant which replaced rate support grant in 1990-91. Now distributed as part of the Formula Grant.

Ring-Fenced Grants

These grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

Sales, Fees and Charges

Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees.

Short-Term Employee Benefits

Are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

Soft Loans

Loans made at less than the prevailing rate of interest and which consequently involve subsidisation of the borrower.

Specific Grants

These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

Statutory Revenue Provision

A prudent amount charged to the revenue account to provide for the repayment of debt.

Tangible Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Tax Base

The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates entitlement to Formula Grant.

Usable Capital Receipts Reserve

This reserve records receipts from fixed asset disposals that are available to finance capital expenditure.

Useful Life

The period over which benefits will be derived from the use of a fixed asset.

VAT

Is an indirect tax levied on most business transactions and on many goods and some services.

- Input Tax is VAT charged on purchases.
- Output Tax is VAT charged in sales.

London Borough of Bromley

Audit

Year ended 31 March 2019

July 2020



Building a better
working world

13 July 2020



Dear Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the General Purposes and Licensing Committee. This report summarises our audit conclusion in relation to the audit of the London Borough of Bromley for 2018/19. We have substantially completed our audit of the Council for the year ended 31 March 2019, and we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form that appears in Section 3. We are unable to provide a conclusion on the arrangements to secure economy, efficiency and effectiveness due to objections that have yet to be concluded.

This report is intended solely for the use of Committee Members and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the General Purposes and Licensing Committee meeting on 30 July 2020.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Janet Dawson'.

Janet Dawson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

01 Executive Summary



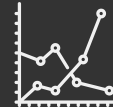
02 Areas of Audit Focus



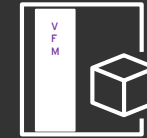
03 Audit Report



04 Audit Differences



05 Value for Money



06 Other reporting issues



07 Assessment of Control Environment



08 Data Analytics



09 Independence



10 Appendices



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report presented to the 26 February 2019 Audit Sub-Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

- ▶ Changes in materiality:
 - ▶ We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £9.71 million (Audit Planning Report – £9.59 million). This results in updated performance materiality, at 75% of overall materiality, of £7.28 million, and an updated threshold for reporting misstatements of £485,000.
- ▶ Changes in our assessment of risk and areas of audit risk:
 - ▶ We identified a new area of audit focus, being restructuring undertaken in the period required the Council to re-analyse, re-present and re-state the portfolio analysis of its service level income and expenditure disclosed in the Comprehensive Income and Expenditure Statement (CIES). We were required to audit this restatement.
 - ▶ We assessed provisions raised by the Council to be a high inherent risk estimate relevant to our significant risk of misstatement due to fraud and error.
 - ▶ The impact of COVID-19 on the Council's ability to continue as a going concern as at the planned date for providing our opinion on the statement of accounts.

We set out the updated assessment of risks impacting the financial statements in more detail in Section 2 of this Report.

Status of the audit

We have substantially completed our audit of the London Borough of Bromley's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our audit planning report. Subject to satisfactory completion of the following outstanding items, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise.

We have completed our audit work, with the exception of the following matters which are outstanding at the time of writing this report:

- Receipt of the signed Letter of Representation.
- Final review of the file by the Partner.
- Full review of the final version of the financial statements.
- Completion of subsequent events review.
- Final approval of the amended accounts by the Committee.
- Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

A national issue has resulted in changes to the Council's accounts and IAS19 disclosures. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. This matter was not recognised in the Council's draft financial statements. Since the year-end there has been additional evidence, including the legal ruling by the Supreme Court on 27th June 2019 which rejected the Government's appeal, which suggested that the changes in the Council's liability arising from the ruling can be fully calculated and so included in the IAS19 liability disclosed within the financial statements. We consider the impact of this on the financial statements further in Section 4.

Executive Summary

Audit differences

We identified two audit differences in the draft financial statements which management has chosen not to adjust. We ask that they be corrected or a rationale as to why they are not corrected be approved by the General Purposes and Licensing Committee and included in the Letter of Representation. The aggregated impact of unadjusted audit differences is £1,983,000 on the Comprehensive Income and Expenditure Statement. We agree with management's assessment that the impact is not material.

Amendments have been made to the financial statements to correct for material errors in the valuation of the Council's long term physical assets in the current and comparative years, which are detailed in section 4. The Council's actuary has reassessed defined benefit pension liabilities under IAS19 as result of the McCloud ruling. This has resulted in a number of amendments being made to the draft financial statements. A number of other amendments were made to the financial statements as a result of our audit work which we do not consider to be sufficiently significant to bring to your attention.

Areas of audit focus

Our audit planning report identified key areas of focus for our audit of the Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the General Purposes and Licensing Committee.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

There are no significant deficiencies to bring to your attention. We have, however, identified through our work some areas where internal control should be improved. These are considered further in Section 7 of this Report.

Executive Summary

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified no significant risks relevant to our work. We have updated our understanding of the Council's arrangements, including a consideration of its financial outturn and position and the specific risks and issues it currently faces, as part of our year-end programme of work. We have identified one significant risk relating the Council's arrangements for working with partners and other third partners, specifically in relation to procurement and contract management.

We are unable to conclude whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019 until we have concluded our work on the objection to the financial statements.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council and compliance with relevant guidance. Some amendments have been made to the Annual Governance Statement to detail actions the Council intends to take to correct the errors in the current Year valuation of its long term physical assets.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We are currently concluding our work in this area and will provide a verbal update to the committee.

Objection to the financial statements

During the audit we received correspondence from a local elector formally objecting to the 2018/19 financial statements. We are unable to consider and conclude the 2018/19 objection as we are currently awaiting the determination of objections raised with KPMG in 2016/17 and 2017/18, which raise similar issues. We will not be able to conclude whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019 or issue our certificate to conclude the audit formally until all three objections have been determined.

Independence

Please refer to Section 9 for our update on Independence.



02

Areas of Audit Focus





Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.



What judgements are we focused on?

Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We have also focused specifically on capitalisation of assets as a potential area of manipulation, which is recorded as a separately identified significant risk - Inappropriate capitalisation of revenue expenditure.

Our work on estimates focussed on land and building valuation, IAS19 pension estimates and provisions. We consider land and buildings valuation as a separately identified significant risk. We consider IAS 19 valuation as an area of audit focus. Finally, we consider provisions as high inherent risk estimates as part of work in this area.

What did we do?

- We:
- ▶ Identified fraud risks during the planning stages.
 - ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
 - ▶ Gained an understanding of the oversight given by those charged with governance of management's processes over fraud.
 - ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
 - ▶ Determined an appropriate strategy to address those identified risks of fraud.
 - ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
 - ▶ Evaluated the business rationale for significant unusual transactions.
 - ▶ Considered whether management bias was present in the key accounting estimates and judgements in the financial statements.

What are our conclusions?

Having completed our work:

- We have not identified any evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied or other management bias both in relation to accounting estimates and other balances and transactions.
- We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Although we have identified no evidence of management bias in the Council's approach to accounting for provisions and are satisfied that a prudent approach is taken, there is scope to make provisions more accurate by basing them on the Council's actual historic experience of credit losses.



Areas of Audit Focus

Significant risk

Risk of fraud in revenue recognition - inappropriate capitalisation of revenue expenditure

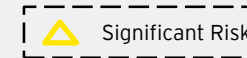
What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

We have determined that the way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements to improve the financial position of the general fund.

Capitalized revenue expenditure can be funded through borrowing with only minimal MRP charges recorded in the general fund, deferring the expenditure for 30+ years when the borrowing is repaid. Alternately, other sources such as capital receipts or grants could be inappropriately used to finance the expenditure.

Inappropriate classification of revenue expenditure as REFCUS (revenue expenditure funded by capital under statute) could also have the same impact, removing the spend incorrectly from the general fund through applying statutory overrides.



What did we do?

Our approach focused on:

- We selected a sample of PPE additions to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations.
- We selected a sample of REFCUS items to test to confirm the appropriateness of the classification of these items
- When performing journals testing, we challenged entries that could be indicative of inappropriate capitalisation, such as journals which reclassify transactions originally recorded as revenue expenditure to capital or REFCUS.

What are our conclusions?

We have not identified any material inappropriate capitalisation of revenue expenditure.

Our work in this area required us to gain a more granular understanding of the Council's processes for capital, from the initiation of transactions through to reporting in the financial statements. Although we do not test these processes and associated controls in detail as part of our approach our consideration has not highlighted any issue we need to draw to your attention.

Our testing of PPE and investment property addition and REFCUS identified no instances of the inappropriate capitalisation of revenue expenditure.

Significant risk

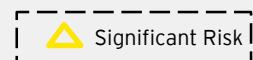
Valuation of Land and Buildings

What is the risk?

Material misstatement of the assets of the Council as a result of inappropriate judgemental inputs and/or estimation techniques to calculate the year-end balances recorded in the balance sheet.

The fair value of Property, Plant and Equipment (PPE) and Investment property (IP) represents a significant balances in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.



What did we do?

We:

- Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Challenged the assumptions used by the Council's valuer by reference to external evidence using our EY valuation specialists
- Sample tested key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We also considered whether any specific changes to the assets were properly communicated to the valuer;
- Reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested that accounting entries have been correctly processed in the financial statements.



Areas of Audit Focus

Valuation of Land and Buildings (continued)

What are our conclusions?

Our work identified pervasive and material errors in the external valuation of the Council's PPE and IP undertaken by its external valuer, Cushman and Wakefield. Our initial review of the valuation undertaken identified areas of risk and prompted us to involve our specialist EY Real Estate (EYRE) valuation specialists. EYRE reviewed in detail:

- A sample of five operational PPE assets valued at Depreciated Replacement Cost (DRC), with a total gross carrying value of approximately £34 million in the draft financial statements.
- A sample of eleven Operational PPE and Investment Property assets valued at Market Value or Market Value in Existing Use Value (EUV), with a total gross carrying value of approximately £102 million in the draft financial statements.

EYRE identified pervasive errors in the work of the external valuer covering both the accuracy of base data used to inform the valuation, for example floor areas, and the key assumptions made by the valuer to inform the valuation, for example estimates of asset yield. As a result of this Cushman and Wakefield and Knight Frank produced revised valuations for the assets considered by EYRE in their review. We are satisfied that the revised valuations produced are materially accurate.

Following their review EYRE identified the following errors in the draft accounts based on the sample of assets selected for testing:

- Assets carried at EUV were overstated by a net value of approximately £19.6 million and a gross value of approximately £21.9 million.
- Assets carried at DRC were understated by a net value of approximately £5 million and a gross value of approximately £7.6 million.

Due to the material and pervasive nature of the errors identified it has been necessary for the Council to produce, disclose and account for the impact in the financial statements of revised valuations covering the year of account, comparative year and start of the comparative year. The resulting amendments to the statements are set out in section 4 of this report. Although the errors were as a result of errors and weaknesses in the valuation approach of the External Valuer there is more the Council should do to ensure the carrying value of long term physical assets in its financial statements are correct. Specifically:

- It is important the Council clearly specifies in its instructions to its External Valuer the approach that should be taken and then monitors the performance of the Valuer against this instruction. It is also then important that a signed valuations report is obtained from the Valuer in support of the valuations produced.
- No internal checks were undertaken by the Council on the accuracy of the valuation prior to accounting for it in the financial statements.

We have raised recommendations for improvement on the following page.



Areas of Audit Focus

Valuation of Land and Buildings (continued)

What are our recommendations?

Recommendation 1

Clearly specify the requirements of the valuation in the valuation instruction to the external Valuer and monitor performance against this. Routinely obtain a signed valuation report from the Valuer in support of future asset valuations undertaken.

Management Response:

We will fully implement this recommendation with immediate effect and ensure a signed valuation report is received.

Responsible Officer:

Assistant Director - Strategic Property.

Recommendation 2

Use appropriately qualified and skilled staff in the Council to review the reasonableness of assets valuations undertaken prior to accounting for them in the financial statements.

Management Response:

Agreed.

Responsible Officer:

Assistant Director - Strategic Property.



Areas of Audit Focus

Other areas of audit focus

Pension Liability Valuation

What is the risk?

The Code of Practice on Local Authority Accounting and IAS 19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is a scheduled body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body. Accounting for this scheme involves significant estimation and judgement.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What judgements are we focused on?

We focused on the following:

- The reasonableness of the underlying assumptions used by the Council's expert - Mercers.
- Ensuring the information supplied to the actuary in relation to the London Borough of Bromley was complete and accurate
- Ensuring the accounting entries and disclosures made in the financial statements were consistent with the report from the actuary.

What did we do?

- ▶ Liaised with the auditors of the administering authority (Bromley Pension Fund), to obtain assurances over the information supplied to the actuary in relation to the London Borough of Bromley.
- ▶ Assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team.
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS 19.

What are our conclusions?

We have concluded that we could rely on the work of the actuary and that the values and entries from the actuarial report were correctly reflected in the draft financial statements.

As considered more fully in Section 4 of this report the Council re-engaged the actuary to produce an updated IAS 19 valuation to consider the impact of the McCloud ruling. The actuary was also able to consider the actual rather than estimated value of the Council's share of pension fund assets at year end.

We are satisfied that the re-assessment of the IAS 19 liability is reasonable and that it has been correctly reflected in the revised financial statements. Details of the amendments made are set out more fully in Section 4 of this report.



Areas of Audit Focus

Other areas of audit focus

Spring Capital Loan

What is the risk?

The Council entered into an agreement with Spring Capital to loan Spring Capital funds to purchase a nursing home and detached house in 2017/18. This is being used to provide Homeless Accommodation for the Council until such time as they can be developed for private residence. The Council may also lend Spring Capital the funds to develop the site if planning permission is granted. This is treated as a loan secured on assets at 6% return (rising to 7.5% return if the Loan To Value exceeds 70%).

What did we do?

We:

- ▶ Confirmed the holding value of the loan of £2.3 million through agreement of the balance paid.
- ▶ Considered how the loan had been accounted for in the financial standards having regard to the requirements of the relevant accounting standard - IFRS 9 on financial instruments.

What are our conclusions?

We:

- Confirmed the loan passes both the Solely Payments of Principal and Interest (SPPI) and Business Model tests under IFRS 9. The Council have therefore correctly held and disclosed the associated financial asset at amortised cost in its financial statements.
- In line with the IFRS 9 we also considered whether the Council had correctly accounted for any expected credit losses (ECL). As the collateral exceeds the value of the loan we have concluded that the Council's assessment that no ECL is required to be accounted for is reasonable.

We also note that the total value of the loan is well below of our assessed level of performance materiality and therefore of itself does not present a risk of material misstatement.



Areas of Audit Focus

Other areas of audit focus

New Accounting Standards

What is the risk?

IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) apply from 1 April 2018. Based on our understanding to date we expect the impact of IFRS 15 will have limited impact on your accounts.

IFRS 9 will change:

- ▶ How financial assets are classified and measured;
- ▶ How the impairment of financial assets are calculated; and
- ▶ The disclosure requirements for financial instruments.

There are transitional arrangements within the standard; and the 2018/19 CIPFA Code of Practice on Local Authority Accounting provides guidance on the application of IFRS 9.

Central government has indicated following consultation that statutory overrides for certain classes of financial assets will be put in place. However, until these are confirmed there remains some uncertainty on the full accounting treatment.

What did we do?

We performed the following:

- ▶ Assessed the Council's implementation arrangements and accounting for 2018/19.
- Specifically, for IFRS 9, we have:
- ▶ Considered the classification and valuation of financial instrument assets.
 - ▶ Reviewed the implementation of the new ECL model impairment calculations for assets.
 - ▶ Checked additional disclosure requirements for compliance with the CIPFA Code.

What are our conclusions?

The Council was able to show that implementation of IFRS 15 had no material impact on its financial reporting arrangements.

For IFRS 9 we are satisfied that:

- Required changes to the classification and accounting for financial instruments were made correctly.
- CIPFA Code disclosure requirements have been met.

Although we are satisfied that provisions made for the likely impairment of financial assets are not understated, the Council has not been able to show that its historic experience of losses incurred has consistently been used to inform provisions for impairment accounted for in the financial statements.



Areas of Audit Focus

Other areas of audit focus

CIES Restatement

What is the risk?

Restructuring undertaken in the period required the Council to re-analyse, re-present and re-state the portfolio analysis of its service level income and expenditure disclosed in the Comprehensive Income and Expenditure Statement (CIES). This required the restatement of relevant prior period information in the financial statements.

What did we do?

We focused on the following:

- ▶ A review of the analysis of how service level income and expenditure figures are derived, how the ledger system has been re-mapped to reflect the Council's new organisational structure and how overheads are apportioned across the service areas reported.
- ▶ Agreement of restated comparative figures.

What are our conclusions?

We did not identify any issues with regard to the restatement of the CIES, Expenditure and Funding Analysis and related disclosure notes.



Areas of Audit Focus

Other areas of audit focus

Impact of COVID-19 on the Council's going concern assessment

What is the risk?

Following the confirmed outbreak of Covid-19 in the UK on 31 January 2020 and Government lockdown on 23 March 2020, the ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements in 2019/20 and has affected the income received and expenditure incurred by the Council in 2020/21. Due to the significant uncertainty about the duration and extent of disruption, this has a direct impact on the Council's going concern assessment at the date of approving the amended statement of accounts.

The Council has reviewed its Going Concern assessment as at July 2020, to consider whether or not there are any circumstances whereby it is not appropriate to prepare the accounts for 2018/19 on a going concern basis, in other words that the Council will continue to be a going concern 12 months from the date of signing the accounts as approved. This assessment typically takes into account income and expenditure and cashflow forecasts, uncertainties and risks associated with those flows, reserves and the ability to meet liabilities as they fall due.

What did we do?

We have reviewed and challenged management's assessment of going concern and are in the process of agreeing amendments to the disclosures in the Narrative Report, going concern and post balance sheet event disclosures.

What are our conclusions?

We are currently concluding in this area and will update the Committee at the meeting on 30 July 2020.

We expect that our audit opinion will include an emphasis of matter paragraph. The emphasis of matter will draw attention to the Council's going concern disclosure which describes the financial and operational consequences the Council is facing as a result of Covid-19. Our opinion is not modified in respect of this matter.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion

We have audited the financial statements of the London Borough of Bromley for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement and the related notes 1 to 48, and the Expenditure and Funding Analysis on page 14.
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Bromley as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to

our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter - Disclosures in relation to the effects of COVID-19

We draw attention to Note 1.32 - Going Concern Basis of the financial statements, which describes the financial and operational consequences the Council is facing as a result of COVID-19 which is impacting future financial planning and contractual arrangements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the 2018/19 Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information.

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



Audit Report

Draft audit report

Our opinion on the financial statements

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

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

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.

Auditor's responsibilities for the audit of the financial statements

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



Audit Report

Draft audit report

Our opinion on the financial statements

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

Pension Fund financial statements

On 29 November 2019 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2019 included within the Statement of Accounts.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate as we have not yet completed the work necessary to conclude the objection to the Council's 2018/19 Statement of Accounts. It is our view that even if the objection were resolved in the objector's favour, this would not materially affect the Statement of Accounts. We are unable to form a conclusion on whether 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 ended 31 March 2019 until we complete the work necessary to conclude the objection.

The predecessor auditor, KPMG have not completed their work on objections relating to the 2016/17 accounts and 2017/17 accounts and have therefore not yet issued their completion certificates relating to those years of audit.

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

Use of our report

This report is made solely to the members of the London Borough of Bromley, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

The maintenance and integrity of the London Borough of Bromley web site 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 financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



04

Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £7.28 million which have been corrected by management that were identified during the course of our audit.

Adjustments made to the carrying value of long term assets in the current and comparative years have been made in the financial statements as a result of our findings regarding the asset valuations:

- Overstatement of the valuation of land and buildings in property plant and equipment - £21.9 million for 2018/19, £0.3 million in 2017/18 and understatement of the valuation - £1.8 million in 2016/17.
- Overstatement of the valuation of land and buildings in investment property - £17.9 million in 2018/19, £12.6 million in 2017/18 and £13.3 million in 2016/17.
- Understatement of assets held for sale - £3.0 million in 2018/19, £2.7 million in 2017/18 and overstatement of assets held for sale - £6.3 million in 2016/17
- The impact on the CIES in 2018/19 as a result of the change in valuation as at 31 March 2019 was to understate costs of services expenditure by £5.1 million and finance and investment expenditure by £5.7 million.
- Corresponding adjustments to reserves were required to the accounts of £36.0 million in 2018/19, £10.2 million in 2017/18 and £17.8 million in 2016/17.

There are no further corrected misstatements above this level to bring to your attention.

We report to you any uncorrected misstatements greater than our nominal value of £485,000. There are three uncorrected misstatements to bring to your attention, these are detailed on the following page.

A number of amendments were made to the financial statements as a result of our audit work which we do not consider to be sufficiently significant to bring to your attention.

McCloud ruling

As noted in the Executive Summary a national issue has resulted in a relatively late change to the accounts and IAS19 liability disclosure. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. The draft accounts recognised this matter as a contingent liability. However, since the year-end there has been additional evidence, including the legal ruling by the Supreme Court on 27th June 2019 which rejected the Government's appeal, which suggested that the amounts should in fact be able to be fully calculated and so included in the IAS19 liability disclosed within the financial statements. The actuary has now estimated the impact of the McCloud ruling by updating the IAS19 assessment for the Council. In doing this the IAS19 assessment was also updated for one other issue. It is usual practice the original IAS19 valuation was based on an estimate of fund assets at the end of the year. This has been updated to reflect the value of fund assets in the draft 2018/19 Bromley Pension Fund financial statements.

We are satisfied that the updated IAS19 valuation has been correctly accounted for in the revised financial statements. This has the net impact of increasing the IAS19 pension liability reported by approximately £23.7 million.



Audit Differences

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the General Purposes and Licensing Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2020 (£000)	Effect on the current period:	Balance Sheet (Decrease)/Increase				
		Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)	Reserves
	Comprehensive income and expenditure statement Debit/(Credit)					
Errors						
Judgemental differences:						
▶ Estimate of omission of GMP from Pension Liability	1,983				(1,983)	
▶ Extrapolated error in valuation of PPE and Investment Properties - initial error £14,000			596			(596)
Balance sheet totals						
Income effect of uncorrected misstatements (before tax)						
Cumulative effect of uncorrected misstatements	1,983		596		(1,983)	(596)

Both items above are estimates calculated based on audit findings and as such we would not be expected to be amended in the financial statements due to their nature. They are calculated to provide an indication of whether additional work is required to establish whether there is a risk of material misstatement. Given that the estimates are not material, no further work is indicated.

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2020.

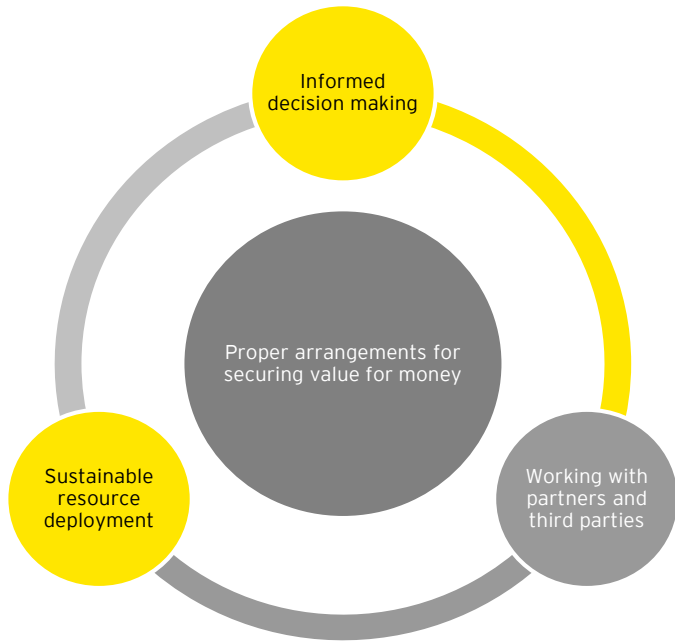


05

Value for Money Risks



Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

At planning, we identified no significant risks relating to the Council's arrangements. We have updated our understanding of the Council's arrangements, including a consideration of its financial outturn and position and the specific risks and issues it currently faces, as part of our year-end programme of work. We have identified one significant risk relating the Council's arrangements for working with partners and other third partners, specifically in relation to procurement and contract management. We will provide more details of our assessment of the risk and our planned work once the objections relating to 2016/17 and 2017/18 have been concluded.

We are unable to conclude whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019 until we have concluded our work on the objection to the financial statements.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. Some amendments have been made to the Annual Governance Statement to detail actions the Council intends to take to correct the errors in the current Year valuation of its long term physical assets.

Whole of Government Accounts (WGA)

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters arising to the General Purposes and Licensing Committee.

We have notified the National Audit Office, the group auditor for WGA, of the delay caused by the restatement of the financial statements.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations

We have no matters to report in these areas not otherwise considered elsewhere in this report. We have raised recommendations to improve the Council's arrangements for the valuation of its long term assets in Section 2 of this Report. We have also raised recommendations to address control weaknesses detected as part of the audit in Section 7 of this Report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware. We have, however, identified three areas where internal control should be improved which we consider in the remainder of this Section of our Report. We have also raised two recommendations for improvement relating to the Council's processes for the valuation of its long term physical assets which are set out in Section 2 of this report.



Assessment of Control Environment

Observation

The Council accounts and Pension Fund accounts are not set up as separate and discrete company codes on the General Ledger. This results in some journal entries appearing to be one-sided in either the Council or Pension Fund accounts. We have undertaken work to show that journals are in balance overall with there then being one final balancing journal transaction which is reflected as a non-material temporary loan by the Council to the Pension Fund on the Council's Balance Sheet. Although we are satisfied this does not have a material impact on the financial statements internal control should be improved by accounting for the Council and Pension Fund on separate and discrete company codes on the General Ledger.

Recommendation 3*

Establish separate and discrete company codes on the General Ledger to fully separate Council and Pension Fund transactions.

* See section 2 for recommendations 1 and 2

Page 203

Management comment

The financial system currently holds a separate coding range to identify pension fund transactions and balances. However, the way in which the current financial system was configured on implementation in 2006 means that there is no capability to establish separate organisation units (company codes). This will be explored as part of the future financial systems options appraisal which is currently being considered and we plan to have this implemented no later than March 2022.

Responsible officers:

Head of Corporate Finance and Accounting, Head of Finance (ASCHH) and Financial Systems Manager.



Assessment of Control Environment

Observation

Although Bromley Pension Fund has its own bank account this is not currently used. All cash receipts and payments relating to both the Council and Pension Fund are made out of the main Council bank account. Although we satisfied that cash is correctly disclosed in the Council's financial statements we note it is a requirement of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 that all pension schemes should operate their own bank account.

Recommendation 4

Use the separate Pension Fund bank account for Pension Fund cash transactions.

Page 204

Management comment

Some of the work required to implement this recommendation will impact on the Council's external contractor and this requirement was included in the recent tendering of the Exchequer Services contract. However, significant development work will be required to the Council's current financial system to allow the use of a separate bank account. This needs to be incorporated into the financial systems options appraisal to determine whether this work should proceed separately to any future decisions around potential system upgrades/ replacement and we plan to have this implemented no later than March 2022.

Responsible officers:

Head of Corporate Finance and Accounting, Head of Finance (ASCHH) and Financial Systems Manager.

Observation

Manual journals are not subject to any authorisation or second review. Although our review and testing of journals has not highlighted any evidence of material error or fraud, appropriate review of journals prior to posting is a key management control, particularly for significant value journal entries.

Recommendation 5

Establish a proportionate control so that at least significant value manual journals are subject to review and authorisation prior to processing on the General Ledger.

Management comment

A process has been put in place for a sample of journals to be tested on a quarterly basis. This is rotated between members of the finance management team to ensure an independent check across all services. This is in addition to any testing undertaken by internal and external audit.

Responsible Officers:

Financial Management Team.

Observation

The Council does not maintain a detailed asset register for furniture and equipment and infrastructure assets, but only a list of the amount capitalised by location. Therefore, they cannot identify if it were overstated, or that some element needed to be written out because it no longer existed.

Recommendation 6

Establish a detailed asset register for all asset types.

Management comment

During 2020/21 Finance will work with colleagues in the Property and Assets teams to establish detailed asset registers for Furniture, Equipment and Infrastructure Assets

Responsible Officers:

Principal Accountant - Technical & Control Team



08 Data Analytics



Use of Data Analytics in the Audit

► Data analytics – Income & expenditure testing, payroll testing and journals

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the Council's audit included general income and expenditure, payroll costs and journals to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all of the Council's financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us more effectively to identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the General Ledger and perform procedures to understand the data and identify unusual items. We also reconcile the GL amount to the payroll subledger. We then analyse the data against a number of specifically designed procedures.



9

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 25 March 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. **In** our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the General Purposes and Licensing Committee on 30 July 2020.

Independence

Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Council, and its directors and senior management and its affiliates, including all services provided by us and our network to your Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 31 March 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services recorded has been provided on a contingent fee basis.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees proposed for the year ended 31 March 2019.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements. Non-audit work is work not carried out under the Code.

	Final Proposed Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19
	£	£	£
Total Audit Fee - Code work	tbc*	91,689	91,689

All fees exclude VAT

- The 2018/19 final fee will include a scale fee variation for work undertaken on asset valuation, restatement of the CIES, EFA and related notes, and other changes to the scope of the audit that have been required. The fee is currently being discussed with officers and will be reported to the GP&L Committee once those discussions have been concluded.



10

Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit. In 2018/19 we have taken a wholly substantive approach to gaining audit assurance and have not sought to test controls.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Balance sheet category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
PPE	As we identified a significant risk of inappropriate capitalisation of revenue expenditure relating to PPE additions, we segregated this account from the rest of PPE, testing at a higher level compared to the remainder of PPE.	Additions were tested at the same threshold as the remainder of PPE.	We amended our approach to focus on the risks of misstatements in the accounts

Appendix B

Summary of communications




Date	Nature	Summary
8 November 2018	Meeting	The audit partner and the audit manager met with key officers of the Council to discuss the progress of the audit and discuss emerging issues.
18 February 2019	Meeting	The audit partner met with key officers of the Council to discuss progress of the audit.
26 February 2019	Meeting	The audit partner met with the Audit Sub-Committee as an introductory meeting and presented the audit plan and set out our considerations of risk.
4 April 2019	Meeting	The audit manager met with key officers of the Council to discuss the progress of the audit and discuss emerging issues and the responses to our Assurance letters.
4 June 2019	Meeting/Report	The audit manager attended the Audit Sub-Committee.
28 November 2019	Meeting	The lead partner in charge of the audit of Bromley Council (Janet Dawson) attended the General Purposes and Licensing Committee and discussed the status of the audit of the main Council and the Pension Fund
30 July 2020	Meeting	The audit partner attended the General Purposes and Licensing Committee and presented the Audit Results Report and discussed the status of the audit of the main Council

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix C

Required communications with the General Purposes and Licensing Committee

There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the General Purposes and Licensing Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report, presented to the Audit Sub-Committee, which had been given delegated responsibility by the General Purposes and Licensing Committee - February 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report - February 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process. 	Audit Results Report - November 2019 and July 2020

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Major Local Audits	<p>For the audits of financial statements of public interest entities/Major Local Audits our written communications to the audit committee include:</p> <ul style="list-style-type: none"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	<p>Audit Planning Report - February 2019</p> <p>Audit Results Report - November 2019 and July 2020</p>




Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events have been identified to date, either individually or together to raise any doubt about the London Borough of Bromley's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - November 2019 and July 2020
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the General Purposes and Licensing Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - November 2019 and July 2020
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the General Purposes and Licensing Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Council, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to General Purposes and Licensing Committee responsibility. 	<p>Audit results report - November 2019 and July 2020</p> <p>Enquiries were made during the audit, and there are no issues to report to you</p>




Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Council's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Council 	<p>Audit Results Report - November 2019 and July 2020</p> <p>No issues to report</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>Audit Planning Report - February 2019</p> <p>Audit Results Report - November 2019 and July 2020</p>

Appendix C

		Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur. ▶ Enquiry of the General Purposes and Licensing Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	We have not identified any significant deficiencies in internal controls. Areas where improvements in control are required have been reported as part of this Audit Results Report.

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results report - November 2019 and July 2020
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report - November 2019 and July 2020 No issues to report
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - November 2019 and July 2020 No such circumstances identified
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report - February 2019 Audit results report - November 2019 and July 2020

Management representation letter

Management Rep Letter

Ernst & Young LLP
Janet Dawson
Partner
Ernst & Young LLP
1 More London Riverside
London
SE1 2AF

This letter of representations is provided in connection with your audit of the financial statements of the London Borough of Bromley (“the Council”) for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of the London Borough of Bromley as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because their value and net effect is not material to the financial statements .

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council’s activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

Management representation letter

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council’s financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council’s activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Council and committees held through 2018/19 and 2019/20 to the most recent meeting of the General Purposes and Licensing Committee.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements. . .

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 45 to the financial statements all guarantees that we have given to third parties.

Management representation letter

Management Rep Letter

E. Subsequent Events

1. Other than described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment, investment property, assets held for sale and the pension fund asset and liability. We have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

H. Estimates

Valuation of Property, Plant and Equipment

Valuation of Pension Fund assets and liabilities

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the

United Kingdom 2018/19.

3. We confirm that no further adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

I. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

J Comparative information - comparative financial statements

1. As part of your audit significant errors were detected in the carrying value of the Council's long-term physical assets. The errors in our valuation approach led to misstatements which were present prior to the start of the comparative year. Restatement and disclosure of corrected opening balances at the start of the comparative year has also been required.
2. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's financial statements.
3. There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the financial statements for the year ended 31 March 2018 are solely the result of reclassifications for comparative purposes.

Yours faithfully,

Peter Turner

Director of Finance

Councillor Pauline Tunnicliffe

Chairman of the General Purposes and Licensing Committee

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ED None

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Janet Dawson
Partner
Ernst & Young LLP
1 More London Riverside
London
SE1 2AF

30th July 2020

Dear Janet

This letter of representations is provided in connection with your audit of the financial statements of the London Borough of Bromley ("the Council") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of the London Borough of Bromley as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because their value and net effect is not material to the financial statements.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees held through 2018/19 and 2019/20 to the most recent meeting of the General Purposes and Licensing Committee.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements. . .
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 45 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment, investment property, assets held for sale and the pension fund asset and liability. We have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the

specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

H. Estimates

Valuation of Property, Plant and Equipment

Valuation of Pension Fund assets and liabilities

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
3. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

I. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

J. Comparative information – comparative financial statements

1. As part of your audit significant errors were detected in the carrying value of the Council's long-term physical assets. The errors in our valuation approach led to misstatements which were present prior to the start of the comparative year. Restatement and disclosure of corrected opening balances at the start of the comparative year has also been required.
2. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's financial statements.
3. There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the financial statements for the year ended 31 March 2018 are solely the result of reclassifications for comparative purposes.

Yours sincerely

Peter Turner
Director of Finance

Councillor Pauline Tunnicliffe
Chairman of the General Purposes and
Licensing Committee

Communication schedule for uncorrected misstatements

Entity: London Borough of Bromley

Period Ended: 31-Mar-2019

Currency: Sterling

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period			
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			
Projected misstatements:													
		Extrapolation of errors identified in "Below Threshold" assets in PPE and IP valuations											
	19 LBB	PPE		279,716									
		Investment Property		316,340									
		Revaluation Reserve					(596,055)						
Judgmental misstatements:													
		GMP											
	19 LBB -	Pension Liability					(1,983,008)						
		Pension Expense								1,983,008			
Total of uncorrected misstatements before income tax			0	596,055	0	(1,983,008)	(596,055)	0	1,983,008		0		
Total of uncorrected misstatements			0	596,055	0	(1,983,008)	(596,055)	0	1,983,008		0		
Financial statement amounts			238,019,000	649,671,000	(104,262,000)	(83,631,000)	(699,797,000)		(3,558,000)				
Effect of uncorrected misstatements on F/S amounts			0.0%	0.1%	0.0%	2.4%	0.1%		-55.7%		0.0%		
Memo: Total of non-taxable items (marked 'X' above)									0		0		
Uncorrected misstatements before income tax								-55.7%	1,983,008		0		
Less: Tax effect of misstatements at current year marginal rate								0%	0		0		
Uncorrected misstatements in income tax									0		0		
Cumulative effect of uncorrected misstatements after tax but before turnaround								-55.7%	1,983,008		0		
Turnaround effect of prior period uncorrected misstatements													
										After tax	Memo: Before tax		
All factual and projected misstatements:									0		0		
Judgmental misstatements (Note 3):									0		0		
Cumulative effect of uncorrected misstatements, after turnaround effect								-55.7%	1,983,008				
Current year income before tax									(3,558,000)				
Current year income after tax									(3,558,000)				

Do not remove any categories of misstatements above, even if there are no misstatements; removing these categories may adversely affect the formulas or template functionality.

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Report No.
ES20034

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 30th July 2020

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

Title: LICENSING ACT 2003 - STATEMENT OF LICENSING POLICY FOR 2021 TO 2026

Contact Officer: Steve Phillips, Head of Health Safety and Licensing
Tel: 020 8313 4659 E-mail: steve.phillips@bromley.gov.uk

Chief Officer: Colin Brand Director: Environment and Community Services

Ward: All Wards

1. Reason for report

- 1.1 To present Members with the Draft Licensing Policy for the period 2021 to 2026 for approval to go out to public consultation. This must occur at least every 5 years in accordance with statutory guidance under the Licensing Act 2003 issued by the Secretary of State.
- .

2. **RECOMMENDATIONS**

- 2.1 **Members are asked to note and comment on the Draft report to allow it to be released for public consultation. The results and comments from the public consultation will be presented to this committee at the next meeting on 30th September 2020.**

Impact on Vulnerable Adults and Children

1. Summary of Impact:

When making decisions under the Licensing Act 2003 the Council is required to promote the licensing objectives, one of which is the protection of children from harm.

Corporate Policy

1. Policy Status: Existing Policy:

The Council has adopted a statement of its licensing policy under the Licensing Act 2003 for the period 2016 to 2021, which remains valid until 7th January 2021

2. BBB Priority: Children and Young People Excellent Council Quality Environment Safe Bromley Vibrant, Thriving Town Centres Healthy Bromley Regeneration

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: Public Protection & Enforcement Portfolio Budget
 4. Total current budget for this head: £2.4m
 5. Source of funding: Revenue Budget 2019/2020
-

Personnel

1. Number of staff (current and additional): 2 Licensing Officers supported by 5 FTE admin
 2. If from existing staff resources, number of staff hours: Not applicable
-

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:
-

Procurement

1. Summary of Procurement Implications: 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? NO. All Ward Members will be notified and asked to comment on the Draft policy once approval for its release has been given
2. Summary of Ward Councillors' comments: None at this time.

Responsible Authorities Views

The following Responsible Authorities will be asked to comment on the draft policy once approval for its release has been given.

Responsible Authority	Date Notified	Comments
Metropolitan Police		
Planning Authority		
Trading Standards Service		
Public Health Nuisance Team		
Health & Safety Team		
Child Protection Team		
Fire Authority		
Public Health		
Licensing Authority		
Home Office Immigration Team		

3. COMMENTARY

3.1. Licensing Act 2003.

The Licensing Act 2003 states that any premises require a licence/certificate issued by the Council (premises licence/club premises certificate) where the following activities occur:-

Provision of regulated entertainment

- a) Plays. (Where the audience exceeds 500 people)
- b) Films.
- c) Indoor sporting events. (Where the audience exceeds 1000 people)
- d) Boxing or wrestling entertainment.

- e) Live music. (Subject to the Live Music Act 2013 exemptions)
- f) Recorded music.
- g) Performances of dance. (Where the audience exceeds 500 people)

Provision of late night refreshment (between 2300hrs and 0500hrs).

Supply of alcohol (on and off sales).

The supply of alcohol by or on behalf of a club to, or to the order of, a member of the club.

The sale by retail of alcohol by or on behalf of a club to a guest of a member of the club for consumption on the premises where the sale takes place.

Licences/Certificates may be issued subject to any terms, conditions or restrictions the Council feels are appropriate to address any or all of the four licensing objectives.

The Council has previously agreed Bromley's Statement of Licensing Policy for the Period 2016 – 2021.

The Licensing Sub-Committee must consider the Statement of Licensing Policy and any Special Policy of Cumulative Impact currently in force when making any decisions in respect of these applications.

3.2 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.

3.3 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.

3.4 The Statement of Licensing Policy is reviewed every five years and the current policy expires on 7 January 2021.

3.4 The draft policy will be published on the Council's website and all licence holders (premises, clubs and personal) will be 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 4 and 5 of the draft policy.

Details of the proposed changes in the draft policy

- Minor amendments to update legislation.
- Remove a flow chart as this was out of date.
- Inset a new section on "Large Scale Events" (Page 28)
- Update the responsible authorities list to include the Home Office Immigration Team

Full Draft Licensing Policy is contained in appendix 1

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 Licensing regimes provide for additional controls through specific permissions to undertake activities. Both the Licensing Act 2003 and Gambling Act 2005 contain licensing objectives which seek to protect particular vulnerable groups. In the case of the Licensing Act 2003 it seeks to protect children from harm whereas the licensing objectives under the Gambling Act 2005 are wider and seek to protect children and vulnerable adults from being harmed or exploited.
- 4.2 Businesses and the Council are required to promote these objectives in the way they operate or make decisions.
- 4.3 Details of applications under both Acts are referred to the appropriate safeguarding teams for comment.

5. POLICY IMPLICATIONS

- 5.1 Both the Licensing Act 2003 and the Gambling Act 2005 require the Council to prepare, consult on and publish statements of their licensing policy. These must be reviewed at least every 5 years under the Licensing Act and 3 years under the Gambling Act.
- 5.2 Members should make decisions in accordance with these policies but are free to depart from them with good reason.
- 5.3 The current policies are -
- Statement of Licensing Policy 2016 – 2021
http://www.bromley.gov.uk/downloads/file/226/statement_of_licensing_policy_2016-2021
 - Statement of Gambling Policy 2016-2019
http://www.bromley.gov.uk/downloads/file/325/gambling_policy

6. FINANCIAL & LEGAL IMPLICATIONS

- 6.1 The Council is required to prepare and publish a statement of its Licensing Policy for a period of 5 years from 8 January 2021 to 7 January 2026.

Non-Applicable Sections:	Personnel and Procurement implications
Background Documents: (Access via Contact Officer)	Soft File Computer based records

Appendix 1

Draft Policy

London Borough of Bromley
Statement of Licensing Policy
2021 - 2026

Deleted: 2016

Deleted: 2021

Approved by the General Purposes and Licensing Committee on
XXXXXXXX
and Council on XXXXXXXX

Deleted: 17 Sept 2015

Deleted: 19 October 2015

Effective from 7th January 2021

Deleted: 16



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 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.

Deleted: more recently

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

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)
- Home Office Immigration Enforcement Alcohol Licensing Team
- 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

Deleted: Flow chart of the Licensing Process for Premises and Clubs¶

<object>¶

Deleted: Community Ancillary Sellers notice (expected to be introduced in 2016) ¶

- 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' policies 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

Large Scale Events

The Licensing Authority has several locations within its borders which have been used for large scale concerts and community based events. The Licensing Authority always works closely with the Safety Advisory Group on these types of events and maintains separate guidance and applications for accessing the Safety Advisory Group activities. These can be found on the "Planning and Event in Bromley" web page on the LB Bromley website.

Comment [PS1]: New Section added here Large Scale Events

Large Scale Events are broadly defined as follows:

More than 1000 people attending or where public safety is a concern, with more than 500 people attending.

For events of this nature an application for both a premises licence and notification to the Safety Advisory Group is required at least 3 months prior to the event date.

Large Scale Events are generally dealt with on time limited premises licences. They are not granted on an open ended licence for repeated events year on year without recourse to a new application being made.

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 relive 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 of 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 dis apply 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

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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.
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.
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 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	ehts.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
Home Office Immigration Enforcement, Alcohol Licensing Team	Lunar House, 40 Wellesley Road, Croydon, Surrey, CR9 2BY	mailto:alcohol@homeoffice.gsi.gov.uk
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

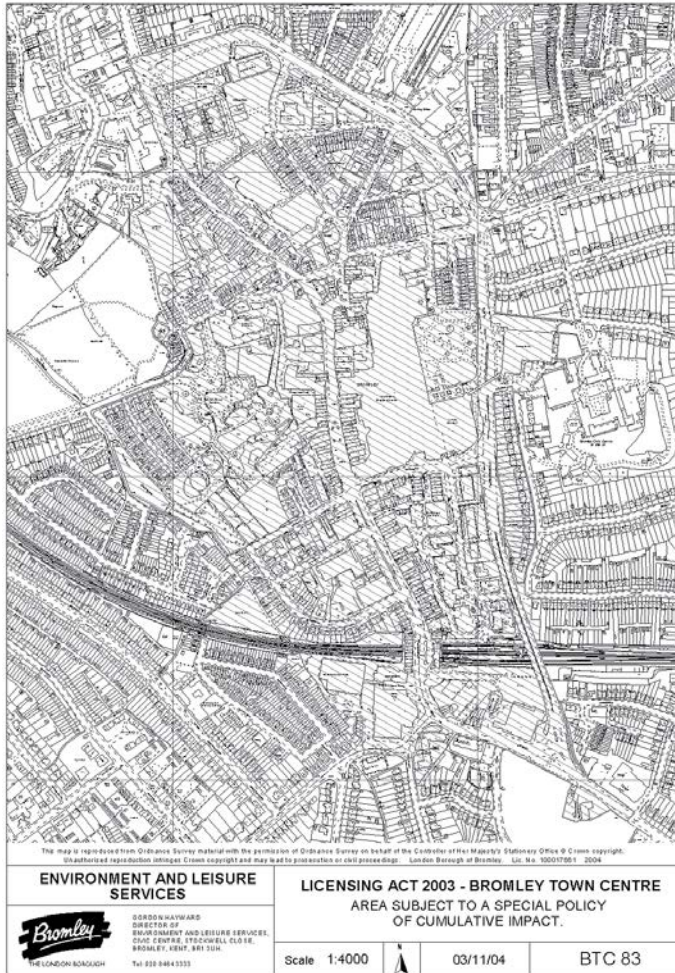
Declaration of Bromley and Beckenham Town Centres as being subject to a Special Policy of Cumulative Impact

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



Map of Beckenham Town Centre



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.
CSD20051

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 30th July 2020

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

Title: WORK PROGRAMME 2020/21 AND MATTERS OUTSTANDING

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 This report summarises the Committee's work programme for the 2020/21 Council year. In accordance with the decision of Council on 8th April 2019, this report also covers matters outstanding from previous meetings, but on this occasion there is nothing to report.

2. **RECOMMENDATION**

Members are requested to consider their work programme for 2020/21, and the need to change the Committee's meeting date in December 2020 (see paragraph 3.4 below.)

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Corporate Policy

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

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £359,420
 5. Source of funding: 2020/21 revenue budget
-

Personnel

1. Number of staff (current and additional): 7 (6.67fte)
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: Statutory Requirement: The Committee is responsible for non-executive functions as required by the Local Government Act 2000.
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

- 3.1 Bromley Council operates under a “Leader and Executive” constitutional model, with most decision making functions resting with the Executive. However, there are a number of functions which the Executive is prohibited from dealing with, for which Committees need to be appointed. In Bromley, the majority of these “non-executive” functions are the responsibility of Development Control Committee for town planning and related functions, and this Committee for most other non-executive functions, including licensing.
- 3.2 General Purposes and Licensing Committee fulfils the role of Licensing Committee under the 2003 Licensing Act, but also deals with a range of other non-executive functions that cannot be dealt with by the Executive or do not fall within the terms of reference of Development Control Committee. It therefore has a range of varied and sometimes unrelated responsibilities, including finance matters relating to audit and pensions, human resources, complaints, elections and Member appointments.
- 3.3 The Committee’s role is very different to that of a PDS Committee, in that it has decision-making powers, many of which are delegated to a number of sub-committees -
- Appeals Sub-Committee
 - Audit Sub-Committee
 - Industrial Relations Sub-Committee
 - Licensing Sub-Committee
 - Local Joint Consultative Committee
 - Pensions Investment Sub-Committee
 - Rights of Way Sub-Committee

These sub-committees also have decision-making powers within their own terms of reference, and in most cases their minutes are received by this Committee for information.

- 3.4 The Committee has six scheduled meetings in the year, plus a meeting after the Council’s annual meeting to appoint its Sub-Committees. The meetings for the 2020/21 Council year are set out in [Appendix A](#), with the reports anticipated for each meeting. Due to the revised timing for the 2019/20 annual accounts, it will be necessary for the Committee to meet before the end of November 2020. It is therefore proposed that the meeting scheduled for 2nd December 2020 be moved to the previous week. To avoid any direct clashes of commitments to other meetings, the suggested date is Wednesday 25th November (when there is also a meeting of the Executive.) Alternatively, Members could consider an earlier start time to avoid clashes with other meetings.
- 3.5 At present, there are no matters outstanding to report.

Non-Applicable Sections:	Impact on vulnerable adults and children/Policy/Financial/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	None

General Purposes and Licensing Committee
Draft Work Programme 2020/21

13th May 2020

Appointments to Sub-Committees

18th May 2020

Appointments to Outside Bodies

30th July 2020

Audit of Financial Statements 2019/20

Licensing Act 2003: Statement of Licensing Policy 2021-26

Work Programme & Matters Outstanding

30th September 2020

Work Programme & Matters Outstanding

2nd December 2020 *

Annual Accounts 2019/20

Licensing Act 2003: Statement of Licensing Policy 2021-26

Annual Complaints Report and Annual Ombudsman's Letter 2019/20

Teachers Pay Policy - Centrally Based Staff

Work Programme & Matters Outstanding

9th February 2021

Pay Award 2021

Pay Policy Statement 2021/22

Members Allowances 2021/22

Executive Assistants Reports 2020/21

Programme of Meetings 2021/22

Local Pension Board - Annual Report

Work Programme & Matters Outstanding

23rd March 2021

Annual Review of Licensing Activity

Annual Review of the Scheme of Delegation to Officers

Work Programme & Matters Outstanding

(Minutes from Sub-Committee meetings are received for information at each meeting.)

** The meeting due to be held on 2nd December 2020 needs to be held before the end of November – see paragraph 3.4*