



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Graham Walton
graham.walton@bromley.gov.uk

DIRECT LINE: 0208 461 7743

FAX: 020 8290 0608

DATE: 28 June 2021

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Pauline Tunncliffe (Chairman)

Councillor Michael Turner (Vice-Chairman)

Councillors Gareth Allatt, Nicholas Bennett MA J.P., Mark Brock, Robert Evans, Kira Gabbert, Colin Hitchins, Josh King, Alexa Michael, Neil Reddin FCCA, Melanie Stevens, Harry Stranger, Ryan Thomson and Stephen Wells

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **TUESDAY 6 JULY 2021 AT 7.00 PM**

MARK BOWEN

Director of Corporate Services

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

A G E N D A

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 DECLARATIONS OF INTEREST

3 QUESTIONS

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 22nd June 2021.

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 Wednesday 30th June 2021.**

4 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 1 JUNE 2021
(Pages 3 - 10)

5 AUDIT OF THE 2019/20 FINANCIAL STATEMENTS
(Pages 11 - 70)

6 RETURN TO PHYSICAL MEETINGS

(Pages 71 - 76)

7 REVIEW OF THE SCHEME OF DELEGATION TO OFFICERS

(Pages 77 - 82)

8 WORK PROGRAMME AND MATTERS OUTSTANDING

(Pages 83 - 86)

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

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

Items of Business

Schedule 12A Description

10 EXEMPT MINUTES OF THE MEETING HELD ON 1 JUNE 2021

(Pages 87 - 88)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

.....

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 1 June 2021

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Michael Turner (Vice-Chairman)
Councillors Gareth Allatt, Nicholas Bennett MA J.P.,
Mark Brock, Robert Evans, Kira Gabbert, Colin Hitchins,
Josh King, Alexa Michael, Neil Reddin FCCA,
Melanie Stevens, Harry Stranger, Ryan Thomson and
Stephen Wells

153 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence; the Chairman welcomed new and returning Members to the Committee.

154 DECLARATIONS OF INTEREST

The following declarations of interest were made in relation to minute 157 (Appointments to Outside Bodies 2021/22) –

Councillors Nicholas Bennett and Alexa Michael declared that they had Mytime passes.

Councillor Colin Hitchins declared that he was an employee of Biggin Hill Airport Limited.

155 QUESTIONS

No questions had been submitted.

156 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 23 MARCH AND 19 MAY 2021

RESOLVED that the minutes of the meetings held on 23 March and 19 May 2021, excluding exempt information, be confirmed.

157 APPOINTMENTS TO OUTSIDE BODIES 2021/22 Report CSD21050

The Committee received a report setting out the nominations for appointments to outside bodies for 2021/21 received from the party groups.

RESOLVED that the nominations to outside bodies set out in Appendix 1 to the minutes be approved.

158 WORK PROGRAMME AND MATTERS ARISING
Report CSD21049

The Committee considered its draft work programme for the 2021/22 Council year, and discussed the following matters –

- It was noted that there would be a review of the 2021 GLA election at the September meeting. It was suggested that the report needed to address the issue of the use of school premises as polling stations.
- The report from Executive Assistants was, historically, submitted to the Committee's February meeting to be considered along-side the Members' Allowances Scheme. It was suggested that this should be moved to the March meeting as this was nearer to the end of the Council year.
- There would be a report to the next meeting on 6th July on arrangements for committee meetings – this would cover livestreaming.
- It was suggested that the Committee should consider whether Audit Sub-Committee should become a Committee in its own right, as with the Pensions Committee.
- The Committee requested that a Licensing training/update presentation be arranged for their next meeting.

The Committee also received an update from David Dobbs, Head of Corporate Finance and Accounting, on the current position with regard to the audit of the Council's accounts.

Objections to the 2016/17, 2017/18 and 2018/19 accounts had been made by one resident. These objections largely concerned the waste disposal contract, but also referred to utilisation of property on the Civic Centre site for the 2018/19 accounts. The objections were lengthy and detailed. The situation was further complicated by the change in external auditor from KPMG to EY for 2018/19 onwards. The accounts for these three years had been completed but could not be signed off in full until the external auditors had finished their investigations into the objections. Officers had pressed for a speedy resolution of the issues, and KPMG had now engaged specialist legal advisors.

For the 2018/19 accounts, EY had found errors in the property valuations carried out by Cushman and Wakefield. Consequently, new valuations had been carried out by Montagu Evans and the accounts had been completed. However, during the audit of the 2019/20 accounts EY Real Estate had queried the methodology used by Montagu Evans in relation to the treatment of investment properties, which were re-valued annually on a market value

basis, and Montagu Evans had been asked to re-value these properties. The deadline for completing the 2019/20 accounts was 31st October 2020; many Councils had missed the deadline due to similar issues with valuations – it was recognised that this was a national issue. The Council's Finance Team were currently working on the 2020/21 accounts – the statutory deadline for publication of the draft accounts was 31st July 2021.

In response to questions, Mr Dobbs explained that the options for the external auditor in relation to objections to the accounts were to take no action, to issue a report with recommendations or a public interest report, which would incur adverse publicity for the Council. The expected outcome was a report, but investigations were still on-going and could take many months to resolve. Officers would continue to press for the issues to be dealt with as quickly as possible – if changes were required to the numbers in the earlier accounts these changes would need to be worked through in subsequent accounts, though this was thought to be unlikely. The issues raised in relation to the Montagu Evans valuations were less serious than with the original Cushman and Wakefield valuations, and centred on detailed interpretation of the CIPFA Guidance.

There was further discussion in part 2.

The Chairman thanked Mr Dobbs for his clear and thorough explanation of the issues.

RESOLVED that the work programme and the situation with the Council's accounts be noted.

159 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 9 MARCH 2021, EXCLUDING EXEMPT INFORMATION

The minutes of the Audit Sub-Committee's meeting on 9th March 2021 were received.

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

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

**The following summaries
refer to matters involving exempt information**

161 EXEMPT MINUTES OF THE MEETING HELD ON 23 MARCH 2021

The exempt minutes of the Committee's meeting on 23 March 2021 were confirmed.

162 WORK PROGRAMME AND MATTERS ARISING

The Committee continued its consideration of issues relating to the audit of accounts.

163 AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 9 MARCH 2021

The exempt minutes of the Audit Sub-Committee's meeting on 9th March 2021 were received.

The Meeting ended at 7.55 pm

Chairman

LONDON BOROUGH OF BROMLEY
ANNUAL APPOINTMENTS TO OUTSIDE BODIES
AND PARTNERSHIP BODIES 2021/22

(i) London Councils' Appointments

Leaders' Committee

(S.101 Joint Committee)

Cllr Colin Smith

Cllr Peter Fortune (deputy)

Cllr Kate Lymer (deputy)

London Councils Transport and Environment Committee – TEC

(Associated Joint Committee)

William Huntington-Thresher

Grants Committee

(Associated Joint Committee)

Cllr Kate Lymer

Greater London Employment Forum

Cllr Pauline Tunnicliffe

Cllr Michael Turner (deputy)

London Pensions CIV

(Sectoral Joint Committee)

Cllr Keith Onslow

Cllr Gary Stevens & Cllr Simon Fawthrop (deputies)

Lead Members for London Councils

Children & Young People/Safeguarding & Schools: Cllr Kate Lymer

Skills & Employment: Cllr Peter Morgan

Economic Development/Business: Cllr Peter Morgan

Crime and Public Protection: Cllr Angela Page

Arts/Culture, Tourism, Sport & Leisure: Cllr Peter Morgan

Health and Social Care including Adult Services : Cllr Diane Smith

Housing & Regeneration: Cllr Peter Morgan

Planning/Infrastructure/Development: Cllr Alexa Michael

Finance & Corporate Services: Cllr Michael Rutherford

(ii) **Partnership Appointments**

Safer Bromley Partnership Strategic Group

Cllr Angela Page

Safer Neighbourhood Board (3)

Cllr Angela Page, Cllr Kathy Bance and Cllr Ryan Thomson

Bromley Economic Partnership (1)

Cllr Peter Morgan

(Cllr Vanessa Allen, Cllr Julian Benington & to receive papers.)

Adult's Safeguarding Board (2)

Cllr Colin Smith & Cllr Diane Smith

Children's Safeguarding Board (2)

Cllr Colin Smith & Cllr Kate Lymer

(iii) **Education, Children & Families Appointments**

Management Committee of Wood Lodge Living Skills Centre (1)

Cllr Kira Gabbert

Early Years Development & Child Care Partnership (1)

Cllr Kate Lymer

Bromley "Y" Project (2)

Cllr Judi Ellis & Cllr Kieran Terry

Mentoring Steering Group (1)

Cllr Angela Page

(iv) **Environment & Community Services Appointments**

London Road Safety Council (1)

Cllr Robert Mcilveen

(v) **Renewal, Recreation & Housing Appointments**

Bromley Arts Council (4)

Cllr Vanessa Allen, Cllr Kim Botting & Cllr Alexa Michael (one vacancy)

(Note: The Bromley Arts Council has been replaced by the Bromley Arts Trust , and is due to be wound up by summer 2021.)

The Crystal Palace Community Development Trust (1)

Cllr Angela Wilkins

Newable Ltd (1) (formerly Greater London Enterprise – GLE)

Cllr Peter Morgan

London Youth Games (1)

Cllr Graham Arthur

Proactive Bromley (2)

Cllr Kevin Brooks & Cllr Michael Rutherford

Biggin Hill Airport Consultative Committee

Representative of the Council as freeholder:

Cllr Graham Arthur (deputy Cllr Harry Stranger)

Representative of Biggin Hill Ward:

Cllr Melanie Stevens (deputy Cllr Julian Benington)

Representative of Darwin Ward:

Cllr Richard Scoates (deputy Cllr Simon Fawthrop)

(vi) **General Appointments**

Bromley Town Twinning Association (3)

Cllr Kathy Bance, Cllr Kim Botting & Cllr Mary Cooke

Community Links Bromley (2)

Cllr Kevin Brooks (1 vacancy)

Leadership Committee of the Bromley Community Fund (1)

Cllr Pauline Tunncliffe

(v) Three Year Terms

The Court of the University of Kent (1)

(Remainder of 3 Year Term to 1/8/23)

Cllr Stephen Wells

Clarion Housing Group South London Regional Scrutiny Committee (1)

Cllr Christine Harris

Oxleas NHS Foundation Trust (1)

Cllr Yvonne Bear

(vi) Four Year Terms

Reserve Forces and Cadets Association for Greater London (1)

(Remainder of four year term to May 2022)

Cllr Mike Botting

Beckenham Parochial Charities (1 of 6)

(Remainder of four year term to January 2025)

Cllr Stephen Wells

Mytime Active (1 of 2)

(Remainder of the four year term to May 2022)

Cllr Josh King (Cllr Robert Evans fills the other post)

Cray Valley War Memorial Hall (2 of 4)

Two vacancies for the remainder of the four year term to June 2022 (Cllrs Yvonne Bear and Harry Stranger fill two of the four posts.).

Report No.
FSD21042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 6th July 2021

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

Title: AUDIT OF THE 2019/20 FINANCIAL STATEMENTS

Contact Officer: David Dobbs, Head of Corporate Finance and Accounting
Tel: 020 8313 4145 Email: 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 current position concerning the external audit of the Council's 2019/20 Statement of Accounts.
-

2. RECOMMENDATIONS

2.1 The Committee is requested to consider the external auditor's Audit Results Report (attached as Appendix 1), which includes details of:

- (a) The proposed audit opinion on the financial statements
- (b) Errors, adjusted and unadjusted audit differences that the audit has highlighted
- (c) Outstanding matters that require addressing before the audit can be completed
- (d) The position concerning outstanding objections and the impact on external audit work.

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Council-wide
 4. Total current budget for this head: £175.3m 2021/22 net budget requirement (excluding GLA precept)
 5. Source of funding: N/A
-

Personnel

1. Number of staff (current and additional): 2,096 FTE posts (per 2021/22 Budget) which includes 471 for budgets delegated to schools
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal 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 & 2020.
 2. Call-in: N/A.
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2019/20 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
-

Ward Councillor Views

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

3. COMMENTARY

Background

- 3.1 The draft 2019/20 accounts were approved by the Director of Finance on 30th June 2020 and were published on the Council's website. The Council's Accounts and related records were made available for public inspection for 30 working days between 1st July and 11th August 2020; no objections were made in relation to the 2019/20 accounts.
- 3.2 Owing to the Coronavirus pandemic, the Accounts and Audit Regulations were revised to allow extra time for local authorities to produce their draft accounts and for the audit to be completed. The deadline for the production and Director of Finance sign-off of draft accounts was amended from 31st May to 31st August. As noted above, Bromley's draft accounts were approved on 30th June. The deadline for completion of the audit and publication of the final accounts was amended from 31st July to 30th November.
- 3.3 The attached report, produced by the Council's external auditor EY, details the current position on the 2019/20 audit. The Committee previously received a progress report at its November 2020 meeting – this detailed several issues which has caused a delay in the completion of the audit, most significantly matters in relation to the valuation and accounting for fixed assets.

Current Position

- 3.4 EY has stated that the audit is substantially complete and that it expects to issue a qualified opinion on the 2019/20 financial statements. The report details the basis of the qualification in relation to how the Council has accounted for Furniture and Fittings (valued at £8.7m) within its overall balance of Fixed Assets.
- 3.5 Specifically, for a number of years the Council has accounted for the value of its Furniture and Fittings using estimates, rather than actual details of acquisitions and disposals. This methodology was challenged by EY and following discussions with management, it was agreed that remediating this matter for the 2019/20 accounts would not be practical and would risk further significant delay to the audit timetable. Owing to the material value of Furniture and Fittings and the uncertainty concerning existence of the underlying assets, EY has stated that this matter warrants a qualified audit opinion. In due course, EY will provide details of the narrative wording of the qualification that will be included within the body of its audit opinion in the published statement of accounts.
- 3.6 The report also includes a schedule detailing all outstanding items that require completion by officers and EY before the audit can be signed-off. EY has also indicated that it will issue a final report at the conclusion of the audit.
- 3.7 Objections to the accounts for 2016/17, 2017/18 and 2018/19 remain outstanding and therefore the external audit activity in relation to these years cannot be formally concluded. The objections in relation to 2016/17 and 2017/18 are being reviewed by the auditor at that time, KPMG. Once this work has been concluded, EY will examine the 2018/19 objection. As required by the Accounts and Audit regulations, an explanatory statement has been published on the Council's website.
- 3.8 EY's report highlights several areas for improvement in the Council's financial reporting arrangements. In response, officers have produced an improvement plan detailing a number of actions that will be implemented to better support closing and the external audit. These include, for example, revised resourcing arrangements, process improvements and closer working with peers to enhance the technical knowledge within the closing team. Additionally, work is underway to replace the Council's financial system with Oracle Fusion Cloud; this will allow the Council to meet the requirement for a separate bank account for the pension fund and streamline the accounting processes required for closing the accounts.

4. FINANCIAL IMPLICATIONS

- 4.1 The final revenue and capital outturns for 2019/20 were reported to the Executive, Resources & Contract PDS on 27th May 2020. Members should refer to these reports for detailed information on variations from approved budgets.
- 4.2 The external audit fee for this period is subject to discussions between officers and EY. Additionally, it 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.

5. LEGAL IMPLICATIONS

- 5.1 The revised Accounts and Audit Regulations require the Statement of Accounts to be signed and dated by the responsible financial officer by 31st August immediately following the end of the financial year and subsequently to be considered and approved by a Committee of the Council, or by the Council meeting as a whole, before 30th November. Since completion of the 2019/20 has been delayed beyond 30th November, as required by the Regulations, an explanatory statement was published on the Council's website.

Non-Applicable Sections:	Personnel Implications; Policy Implications; Impact on Vulnerable Adults and Children; Procurement Implications.
Background Documents: (Access via Contact Officer)	Provisional Final Accounts – Executive, Resources & Contract PDS 27th May 2020; Capital Programme Outturn – Executive, Resources & Contract PDS 27th May 2020; Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; Service Reporting Code of Practice 2019/20; The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020; and Final accounts supporting papers are held by the Technical and Control Team.

London Borough of
Bromley
Draft Audit results
report

Year ended 31 March 2020

22 June 2021

22 June 2021



Dear General Purposes and Licensing 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 preliminary audit conclusion in relation to the audit of London Borough of Bromley for 2019/20. We will issue our final report at the conclusion of the audit.

We have substantially completed our audit of London Borough of Bromley for the year ended 31 March 2020.

As set out on page 5 to 7, a number of issues have arisen as a result of covid-19 which will impact on our audit opinion.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue a qualified audit opinion on the financial statements. Due to the ongoing delay in the certification of the 2017/18 and 2018/19 accounts as a result of the objection to those years we are unable to formally conclude on the arrangements in place for value for money in 2019/20, nor to issue our completion certificate for the audit.

This report is intended solely for the use of the General Purposes and Licensing Committee, other members of the Authority, 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 6 July 2021.

Yours faithfully

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

01 Executive Summary



02 Areas of Audit Focus



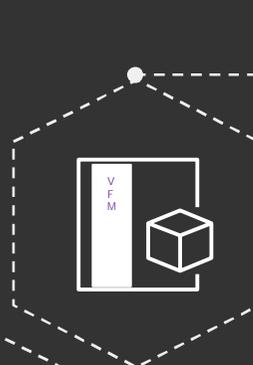
03 Audit Report



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. 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.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report tabled at the 15 July 2020 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, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, were published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. As a result of delays on the audit the Council has significantly missed this reporting date.

Audit Delays – 2019/20 and 2020/21

We commenced our year end audit work in September 2020 with a view to completing the work in December 2020. However during the audit we have experienced a number of significant delays and issues which has meant that we have been unable to conclude the audit field work and issue our opinion. We have met regularly with senior officers to conclude the audit but have been met with delays in the resolution of our queries in a number of areas, specifically with regards the valuation of Property, Plant and Equipment. The consequences of this for the 2019/20 and 2020/21 audits are:

- Delays in certification of 2019/20 beyond 30 November 2020 target sign off date
- Significant additional time incurred to complete our work, leading to additional fees
- Delays in commencement of the 2020/21 audit
- We anticipate that we will report significant weaknesses in financial reporting arrangements at the Council in our 2020/21 value for money arrangements commentary and make recommendations for improvement, under the new requirements of the NAO Code of Audit Practice now in place. We set out more detail of those changes in section 5, and highlight the impact for London Borough of Bromley.

In addition, due to the outstanding objections on the 2017/18 and 2018/19 audits we have not been able to conclude on the Value for Money arrangements for 2018/19 and 2019/20.

We set out the outstanding audit matters at Appendix D.

Changes to our risk assessment as a result of Covid-19:

- Valuation of Property Plant and Equipment - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- Disclosures on Going Concern - Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Local Authority's actual year end financial position and performance.
- Events after the balance sheet date - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Local Authority.
- Adoption of IFRS16 - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.

Executive Summary

Scope update

Changes in materiality

We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our planning materiality measure of 1% (PY: 1.8%) of gross expenditure on provision of services and performance materiality at 50% (PY:75%) of planning materiality:

Materiality	Audit Plan	Final
Planning	£5.49 m	£5.66 m
Performance	£2.75 m	£2.83 m
Reporting	£0.028 m	£0.028 m

We explained the reasons for the change from 1.8% and 75% in PY to 1% and 50% in the current year in our Audit Planning Report 15 July 2020 Audit Sub-Committee meeting.

These were mainly in respect of the categorisation of the audit as close monitoring due to the following reasons:

The 2018/19 financial statements had not been signed when we completed our Audit Plan for 2019/20 due to pervasive errors found during the audit of PPE valuations. In addition, the systems and processes that supported the audit process for 2018/19 did not support data analytics well, were manual in design and relied heavily on a small and over stretched team. Changes in the finance team since the 2018/19 audit increase the risk to the Council that knowledge of those processes has been lost, which may make the closedown process more difficult and the risk of error greater. We also need to work closely with officers to ensure that current audit regulatory reporting requirements to those charged with governance are understood and met, thereby allowing effective communication of audit findings and recommendations for improvements.

Outstanding objections relating to procurement from prior years. KPMG are yet to conclude their work regarding objections in 2016/17 and 2017/18. Therefore, it is unclear if the issues being reviewed relate only to procurement or potentially identifies a wider management issue. As a result, we have been unable to conclude our work on the value for money conclusion for 2018/19.

Information Produced by the Entity (IPE):

We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. We have set out the impact on our audit fee at Section 9.



Executive Summary

Status of the audit

We have substantially completed our audit of London Borough of Bromley's financial statements for the year ended 31 March 2020 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 qualified opinion on the Authority's financial statements. However until work is complete, further amendments may arise.

Further details of the Outstanding Matters can be found at Appendix D.

We will be unable to issue the audit certificate at the same time as the audit opinion due to the prior year objections which still need to be addressed and concluded.

Our audit opinion will emphasise the following :

Property, Plant and Equipment (PPE) Existence – qualification specifically focused on existence of Furniture and Equipment

Audit differences

We are reporting a number of adjusted and unadjusted audit differences at Section 4.

As a result of the assessed error on Furniture and Equipment this will lead to a qualification on the Existence of PPE.

In addition, we have also identified a number of presentational and disclosure amendments to the draft financial statements as presented for audit.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Management Override: Misstatements due to fraud or error	From the work completed to date we have found no indications of management override of controls.
Incorrect capitalisation of revenue expenditure	Our work on this area is ongoing and we are working through a number of judgements with Council officers. At Section 2 we provide more detail on the status of this work.
Valuation of land and buildings	We have identified a number of material and non-material issues with the valuation of Land and Buildings. We provide further details on these issues at Section 2 of this report. As a result of material issues identified with Furniture and Equipment we will be qualifying this specific aspect of the account.
IAS 19 Valuations	We have agreed the Authority's pension liability disclosures to the actuarial report. However, we are awaiting the IAS19 assurance letter from the auditor of the London Borough of Bromley Pension Fund to enable us to conclude against this area of audit focus. We note an unadjusted mis-statements on IAS 19 at Section 4 in respect of the Goodwin case.

Other area of audit focus	Findings & conclusions
IFRS 16 Leases	IFRS 16 has now been deferred until 2021/22 and therefore does not impact in 2019/20.
Going concern	The draft accounts included the Council's initial disclosure on going concern. Officers have used the assessment of the impact of Covid-19 on the Authority's finances, as reported to Members, to draft a new going concern disclosure note. We have yet to review the financial assessment, cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions and key assumptions. We will also need to review the revised going concern disclosure and once finalised this will be subject to the EY consultation process. We are consulting internally with our professional practice directorate on the Going Concern disclosure and will also consider this in light of our audit opinion. We will provide an update on our consideration of this matter at the forthcoming Committee meeting.

Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This will be completed at the conclusion of the audit.

We have no other matters to report.

Independence

Please refer to Section 9 for our update on Independence.

Value for money

Due to the ongoing delay in certification of the 2017/18 and 2018/19 audits by the predecessor auditor as a result of outstanding objections on value for money we have been unable to conclude our value for money review. We have been in regular discussions with senior officers to understand the latest position regarding the closure of these prior year accounts and the specific objections raised with regards to procurement.

At section 5 we detail the new VFM arrangements under the new 2020 Audit Code of Practice. We anticipate that we will report significant weaknesses in financial reporting arrangements at the Council in our 2020/21 value for money arrangements commentary and make recommendations for improvement.

Control observations

During the audit we identified a number of observations and improvement recommendations in relation to management's financial processes and controls.

We have highlighted these at Section 7.



02 Areas of Audit Focus





Areas of Audit Focus

Significant risk

**Management Override:
Misstatements due to
fraud or error
(Fraud risk)**

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 and Ireland) 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.

For the Authority, we have assessed that this risk could manifest in:

- Inappropriate journal entries; specifically manual journals posted by management in the preparation of the financial statements.
- Significantly unusual transactions entered into by management that are outside of the normal scope of business of the Authority.
- Management bias in key accounting estimates and judgements.

What judgements are we focused on?

We have considered the specific risk of management override in respect of the Authority's judgements over capitalisation of revenue expenditure (see over).

What did we do?

- Identified fraud risks during the planning stages.
- Asked management about risks of fraud and the controls put in place to address those risks.
- Understood 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 in relation to journal entries and other adjustments
- Assessed the nature of significantly unusual transactions
- Considered if management bias was present in key accounting estimates and judgments in the financial statements

What are our conclusions?

Our testing is subject to final review. To date we have not identified any:

- material weaknesses in controls or evidence of material management override;
- instances of inappropriate judgements being applied; or
- any other transactions during our audit which appear unusual or outside the Authority's normal course of business.

We will provide an update at the General Purposes and Licensing Committee meeting on 6 July 2021.



Significant risk

Incorrect capitalisation of revenue expenditure (Fraud Risk)

What is the risk?

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For London Borough of Bromley, we consider this specific risk to be present in:

- Additions to property, plant and equipment and Revenue Expenditure Financed from Capital Under Statute (REFCUS).
- Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

We have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Authority's capital programme.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure, including Consideration of REFCUS.

What did we do?

We sample tested additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

What are our conclusions?

We have not identified any issues with management's accounting policies or practices in relation to opting to finance expenditure from capital sources.

Capital expenditure in relation to Investment Properties is not material, therefore we focused our testing on property, plant and equipment capital additions and also Revenue Expenditure Financed from Capital Under Statute (REFCUS) capital additions.

Our testing of capital additions is complete subject to review. We identified two errors within our testing. The Council inappropriately classified additions to assets under construction as assets completed. We extrapolated this error and the resultant projected error is £915,000. This has been included in section 4. The Council also inappropriately capitalised VAT within certain additions causing an immaterial error in the value of the additions.

We have challenged management's assessment of the classification of expenditure as REFCUS. Our testing in this area is not yet complete.



Areas of Audit Focus

Significant risk

Risk of error in the valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We focused on aspects of the land and buildings and investment property valuations which could have a material impact on the financial statements, primarily:

- harder to value assets – such as schools which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We have considered the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

We updated our risk assessment in light of the impact of Covid-19 and the fact that the external valuer had highlighted a 'material uncertainty' in their valuation report. As a result of this and also issues with the valuations in the prior year we instructed our internal valuers to support us with our work in this area.

We asked our internal valuation specialists to review a sample of assets across the portfolio including Property, Plant and Equipment and Investment Property assets. This highlighted some issues with regards the valuations specifically in respect of investment property valuations but also in respect of the valuation methodology of car parks.

The Council has asked the external valuers to re-work their valuation of investment properties to take full account of Purchaser's Costs. This exercise is ongoing and will result in material amendemnts.

Revised valuations have been obtained for car parks and are under review by EY.

We have considered the impact of assets not revalued in year and the fact that assets valuations occur effective as at 31 March 2020. We have challenged officers on the valuation of assets not revalued in-year and our assessment did not highlight any material issues. We note a number of adjusted and unadjusted mis-statements in respect of asset valuations at Section 4.



Areas of Audit Focus

Other risk

Risk of error in the valuation of the pension liability

What is the risk?

The Code and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Liberata. The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2020 this totalled £853 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. 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 aspects of the pension liability which could have a material impact on the financial statements, primarily:

- significant changes in assumptions made by the actuary; and
- the assessments of the actuary undertaken by PWC, as consulting actuary commissioned by the National Audit Office, and the EY actuarial team.

What are our conclusions?

We are satisfied that the Authority has correctly reflected the IAS 19 entries provided by the actuaries in the draft financial statements. We are also satisfied that the actuaries are appropriately qualified. This year, as in the previous year, there has been a national issue which resulted in a change to the Authority's pension net liability. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the "McCloud ruling". In addition, there is also another national issue, referred to as the Goodwin case.

We have also asked our internal EY Pension actuarial specialists to support our review of the potential impact of McCloud and Goodwin in 2019/20. The Council did take account of McCloud but not the Goodwin case in the financial statements. Based on our specialists findings the potential impact on the total liability could be in the following ranges:

McCloud: inclusion and accounting treatment noted as reasonable

Goodwin: estimated impact 0.1% increase in 19 liability with EY specialists suggesting a range of 0.1%-0.2%

The IAS 19 Funded liability is £853 m, which equates to the following potential increases:

Goodwin: £0.853 m

The cumulative potential impact of this case would be a maximum of £0.853. For further consideration of these see Section 4.

What did we do?

- Liaised with the auditors of London Borough of Bromley Pension Fund, to obtain assurances over the information supplied to the actuary in relation to London Borough of Bromley;
- Assessed the work of the Pension Fund actuary, Mercers including the assumptions they have used by relying on the work of PWC and considering any relevant reviews by the EY actuarial team; and
- Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.



Areas of Audit Focus

Other areas of audit focus

Going Concern

What is the risk?

ISA 570 was revised in September 2019. The revised standard increases the work we are required to perform when assessing whether an entity is a going concern and means UK auditors will follow significantly stronger requirements than those required by current international standards. Whilst the standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, EY have revised current audit procedures, recognising the importance of the forthcoming revisions.

Financial plans for 2020/21 and medium term financial plans may need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the financial statements may not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Pension Fund's year end financial position and performance

What will we do?

- Obtain management's going concern assessment and reviewed for any evidence of bias and checked consistency with the accounts;
- Review the financial modelling and forecasts prepared by management. We will consider and challenge key assumptions, focusing on the reasonableness of the liquidity forecasts up to a date of 12 months after the expected signing date of the accounts;
- Consider the appropriateness of the going concern disclosure within the financial statements. The updated Going Concern disclosure note will be included at Section 1 of the financial statements; and
- Consider the impact on our audit report by undertaking internal EY consultation.

What are our conclusions?

Our work on this area will be completed at the conclusion of the audit when we can confirm that the audit is complete and that the disclosure note and cashflow (including key supporting documentation) can be reviewed as the latest available information supporting the Going Concern disclosure.

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS16 – leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- the identification of leases
- the recognition of right-of-use assets and liabilities and their subsequent measurement
- treatment of gains and losses
- derecognition and presentation and disclosure in the financial statements,
- the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

The adoption of IFRS 16 by the NAO Code of Audit Practice as the basis of preparation of financial statements has been deferred until 2021/22. The Council will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified.

We therefore no longer consider this as an area of focus in 2019/20. We will continue to liaise with management in the coming year on their preparation for the future implementation of IFRS 16.



03 Audit Report



Audit Report

Draft audit report 2019-20

TO BE UPDATED AND INCLUDED AT CONCLUSION OF THE AUDIT

Our opinion on the financial statements



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.

Material error – existence of furniture and fittings

During our audit we identified that the Council were unable to provide evidence to support the value of furniture and fittings reported within the accounts, at £8.7m. As a result we intend to qualify our opinion in relation to the value. We are currently consulting internally as to the form of qualification and wording.

The Council has historically not maintained a register of assets of furniture and fittings, instead making an estimate of the value of expenditure on property in year and recording it as the asset value for this class of assets. The issue was identified during 2020 but, due to Covid 19, remedial action to value the assets on property sites has not been possible. We recommend that the valuation exercise is carried out as soon as practicable, to allow for accurate reporting of the Council’s assets.

Summary of adjusted differences

We highlight the following misstatements greater than £2.83 m which have been corrected by management that were identified during the course of our audit:

FACTUAL MIS-STATEMENTS:

- 1) Depreciation not charged on asset revalued in year. Error value is £3,649,903.
- 2) Car Park valuations were revalued as a result of challenge on the original methodology applied by the external valuer. There are multiple car parks (7-8) impacted as a result of EY challenge with 1 car park alone having a reduction in value of approximately £10 m. We are concluding our work on this area and will provide an update at the General Purposes and Licensing Committee meeting.



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 un-adjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures 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:

We highlight the following misstatements greater than £0.028 m which have not been corrected by management that were identified during the course of our audit:

FACTUAL MIS-STATEMENTS:

1. As per the Housing Benefits claim form, the Local Authority errors amount in cell 204 - £208,462 is below the Lower threshold in cell 202 - £455,466. As per Cell 207S LBB should receive the full amount under LA error since LBB's LA Error overpayments are below the lower threshold. Therefore, we believe £208,462 of this provision is overstated.
2. Expenditure relating to jobs completed in 2019/20 was not accrued for in 2019/20. Error value is £481,077.
3. Two S106 grants were incorrectly recognised as Capital Grants Receipts In Advance - should have been recognised in grant income in the CIES because the S106 agreements did not have grant conditions. Error value is £1,288,391.

PROJECTED MIS-STATEMENTS:

- 1) The Council has classified assets that are currently under construction as additions in FY 19/20. This occurred solely on LIP Formula Funded additions and as such we believe that these errors are isolated. The extrapolated potential unadjusted error is £915,235
- 2) The Council have incorrectly included VAT in capitalisation of assets. Our error extrapolation calculation found the potential variance from this type of error is £117k.
- 3) An accrual re: agency staff cost was reversed as it was believed to have been paid before year end. We were unable to confirm that the last week invoice amount i.e. £1,697.40 was paid before year end. This transaction has therefore been falsely debited as it was not paid by YE and has therefore been included as an error in reversal of the accrual. This should have been recorded as a creditor. The extrapolated error value is £48,721.
- 4) Iproc Accrual incorrectly raised as these have been paid. The value of this was £69,392.
- 5) School Expenditure credits incorrect, reversals cannot be evidenced, extrapolated error value was £244,518.
- 6) Financing and Investment Income - interest income representative item recognised higher value than confirmation - extrapolated value was £18,990.
- 7) Cost Of Sales Expenditure Credits incorrect. Unadjusted value is £33,026.
- 8) Cost of Sales Expenditure Debit representative items, extrapolated error value is £988,255.

JUDGMENTAL MIS-STATEMENTS:

Goodwin impact deemed immaterial by senior officers and management specialist at less than 0.1%. As per range from EY Pensions this is likely to be 0.1% to 0.2% i.e. £853,487 to £1,706,974.

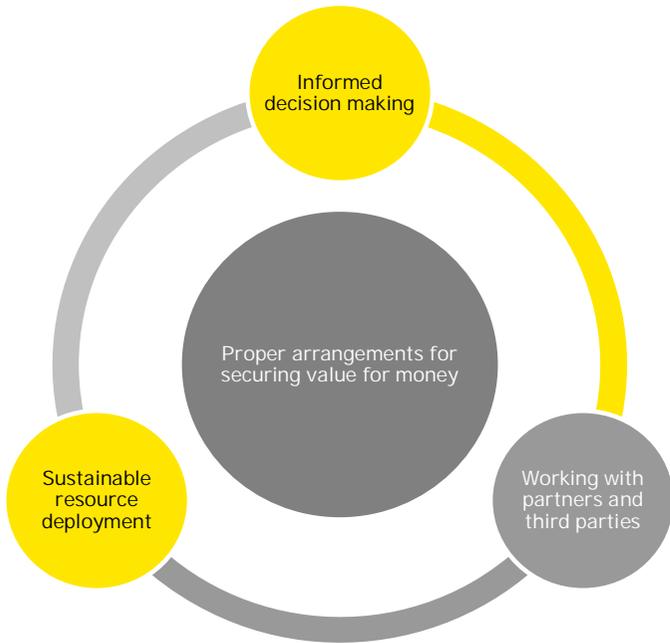


05

Value for Money



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 2019/20 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.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of covid-19.

This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

Overall conclusion

Due to the ongoing delay in certification of the 2017/18 and 2018/19 audits by the predecessor auditor as a result of outstanding objections on value for money we have been unable to conclude our value for money review. We have been in regular discussions with senior officers to understand the latest position regarding the closure of these prior year accounts and the specific objections raised with regards procurement.



Value for money – 2020/21

The Council’s responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailor’s the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

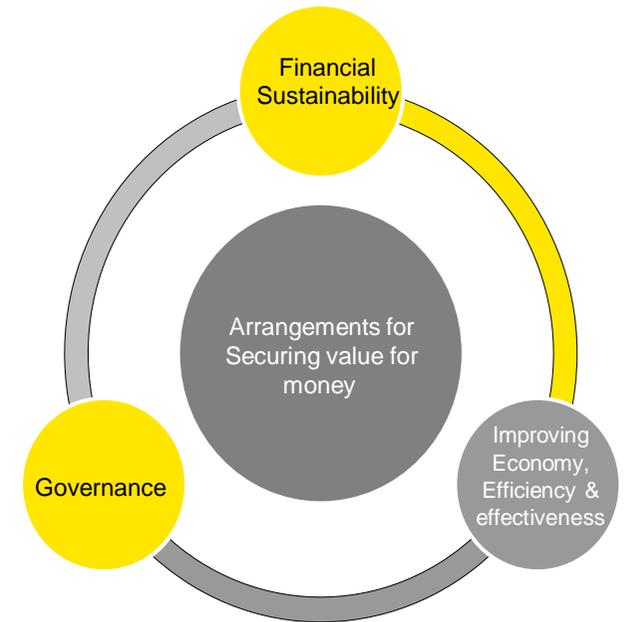
Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Page 38





Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as Ofsted) and other bodies; and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Council to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves, or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Value for money – 2020-21

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have yet to commence our detailed VFM planning. We are also likely to focus on the governance arrangements the Council has established to ensure that informed decisions are taken on policies and projects likely to have a significant impact on the Council's medium term financial plans and finances.

One area we will be highlighting as a significant weakness in arrangements in 2020/21 is in respect of Financial Reporting and the support and processes in place around the year end audit process. The delays in the prior year and the current year have highlighted a number of arrangements and processes which need to be strengthened.



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 [name of the document that the financial statements are published in the Statement of Accounts 2019/20 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.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

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 will complete this work at the end of the audit and will report any matters arising to a subsequent Audit Sub-Committee meeting.

Other reporting issues

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 Authority 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 Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We are currently considering issuing statutory recommendations regarding improvements required in the financial reporting arrangements at the Council, as a result of the weaknesses identified in those arrangements during the 2019/20 and 2020/21 audits.

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 [Authority]’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;
- Consideration of laws and regulations

We have noted the delays experienced during the audit elsewhere in this report and their implications. We have no other matters we need to report here.



07

Assessment of Control Environment

Assessment of Control Environment

Financial controls

It is the responsibility of the Authority 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 Authority 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 wish to report the following matters:

1. Bromley and Bromley Pension Fund share the same bank account. However 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. We considered this to be a deficiency (but not significant deficiency) in internal control and have reported this as such in the 2018/19 Audit Results Report;
2. The Council accounts and Pension Fund accounts are not set up as separate and discrete company codes on the financial 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. We considered this to be a deficiency (but not significant deficiency) in internal control and have reported this as such in the PY Audit Results Report;
3. Manual journals are not subject to any recognised or second review. This issue has also been reported by the predecessor auditor. This is a weakness in internal control. There should be some form of check over the accuracy of manual journals prior to them being processed on the ledger. In-year the Council has established a system of quarterly review of journals in response to our raising this as a deficiency in internal control in the PY Audit Results Report.
4. Significant errors in PPE valuation have been detected as part of our work. The lack of records of furniture and fittings valuations has resulted in a qualification to our audit opinion for 2019/20.
5. There was no internal check undertaken by management of the accuracy of valuations undertaken. Although we recognize that finance may not have the required expertise to perform a meaningful review of the work performed and could have reasonably assumed that as the valuations have been produced by recognized and qualified Valuer reasonable assurance could be placed on them, improvements need to be made. Specifically:

A reasonableness review of the external valuation should be undertaken by the Council.

We have reported this also as a deficiency in internal control in the 2018/19 Audit Results Report.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention/details of issues noted.



08 Data Analytics



Use of Data Analytics in the Audit

► Data analytics – revenue recognition and payroll

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 2019/20, our use of these analysers in the Authority's audit included testing journal entries and employee expenses, 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 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 to more effectively 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 payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



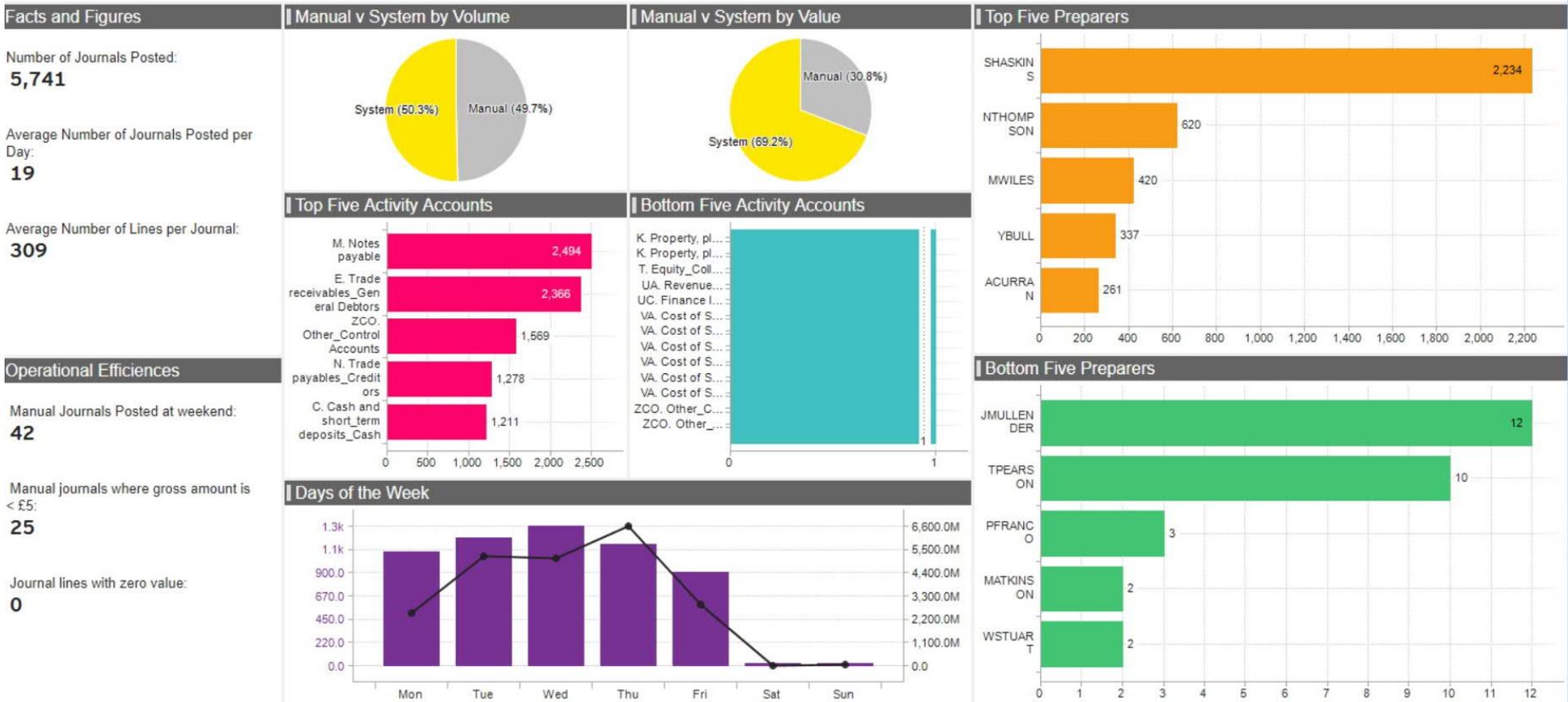
Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: Journal Entry Data Insights - 20 London Borough of Bromley P1 to P12 - 31/03/2020





Journal Entry Testing

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

Journal entry data criteria – 31 March 2020

The screenshot displays the EY Helix - GLASS: Criteria interface. It includes a 'Timeline' section with a bar chart showing journal counts by month from April 2019 to March 2020. A 'Journal Counter' section shows a total count of 5,741. There are several filter panels: 'Manual v System' (System: 60.3%, Manual: 49.7%), 'Account Type' (Assets, Equity, Liabilities, Expenses, Revenue), 'Source' (Spreadsheet, Receivables, Payables, Income Management, Manual, Payroll, AutoCopy), 'Account Class / GL Account', 'User' (listing preparers like SHASKINS, NTHOMPSON, etc.), and 'Business Unit' (listing BPF, LBB, LRB). There are also 'Account Pairing Selector' and 'Numerical Filters' sections.

What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



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 Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, 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 1 April 2019 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 2020 in line with the disclosures set out in FRC Ethical Standard and in statute. Further detail of all fees has been provided to the Audit Committee with measurement against pre-approved limits.

We confirm that none of the services provided has been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Confirmation and analysis of Audit fees – to be agreed on conclusion of audit

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 15 July 2020.

We complied with the APB Ethical Standards. 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 that should be reviewed by both you and ourselves. It is therefore important that you and your General Purposes and Licensing Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the General Purposes and Licensing Committee meeting on 06 July 2021.

We confirm we have not undertaken non-audit work outside of the Statement of responsibilities of auditors and audited bodies as issued by the Public Sector Audit Appointments Ltd.

As part of our reporting on our independence, we set out below a summary of the fees you have paid us in the year ended 31 March 2021.

We confirm that we have not undertaken non-audit work. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2017.

At the time of writing, the audit has not yet been concluded and there remain a number of significant matters to resolve with management. Therefore we are not yet in a position to report a proposed fee for the audit of 2019/20.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 1 April 2020.

To date we have not identified any non-audit services being provided to London Borough of Bromley which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)



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.

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
Trade receivables	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change
Trade payables	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change
Tangible fixed assets	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change
Cash	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change

Appendix B

Summary of communications

Date 	Nature 	Summary 
15 July 2020	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the Audit Sub-committee and senior members of the management team to discuss the audit planning report.
14 September 2020	Meeting	The partner in charge of the engagement and senior members of the audit team met with the Director of Finance to discuss the status of the audit and also to receive a general update including a discussion on the Council's latest position regarding its response to the Covid-19 pandemic.
1 March 2021	Meeting	The senior manager on the audit as well as the engagement team met with senior officers and representatives from the external valuers to discuss EY queries in respect of asset valuations with a specific focus on the approach to car parks and investment properties
15 March 2021	Meeting	The partner in charge of the engagement and senior members of the audit team met with the Director of Finance to discuss the status of the audit and also to receive a general update including a discussion on the Council's latest position regarding its response to the Covid-19 pandemic.
January 2021- June 2021	Meeting	The Senior Manager, Manager and other members of the engagement team met regularly with senior officers to discuss the status of outstanding queries and also to receive updates on the status of the outstanding work on valuations
23 June 2021	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the audit senior members of the management team to discuss the draft audit results report.
24 June 2021	Report	The draft audit results report, including confirmation of independence, was issued to the General Purposes and Licensing Committee.

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.

Required communications with the Audit 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 audit 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 at the 15 July 2020 Audit Sub-Committee meeting
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report presented at the 15 July 2020 Audit Sub-Committee meeting
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 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting

Appendix C

Our Reporting to you

Required communications	What is reported?	When and where
Public Interest Entities	<p>For the audits of financial statements of public interest entities 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 identification of any non-EY component teams used in the group audit • 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 presented at the 15 July 2020 Audit Sub-Committee meeting; and Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting</p>

Appendix C

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including: <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 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
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 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • 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 Authority, 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 Audit Committee responsibility. 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: <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 Authority 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <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 Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place: <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 	Audit planning report presented at the 15 July 2020 Audit Sub-Committee meeting; and Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
	<ul style="list-style-type: none"> • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Details of any contingent fee arrangements for non-audit services • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
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. 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
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 audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting

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 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
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 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor’s report 	Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting
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 presented at the 15 July 2020 Audit Sub-Committee meeting; and Draft Audit results report presented at the 06 July 2021 General Purpose and Licensing Committee meeting

Appendix D

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Final accounts	Incorporation of EY review comments on disclosure notes and also incorporation of agreed amendments to specific accounts	EY and management
Final review of audit work	Senior Manager, Partner and Peer review Partner completion of final review of audit work	EY
Going Concern	EY to review updated Going Concern disclosure note and supporting information including forward cashflow from at least 12 months from the date of the audit report. Will also include Internal consultation on the going concern assessment, disclosure and any impact on the audit opinion	EY and management
Management representation letter	Receipt of signed management representation letter	EY and management
Property, Plant and Equipment	Receipt of updated Investment Property Valuations including Purchaser's Costs	EY, management and external valuers
Receipt of IAS 19 Assurance from Pension Fund Auditor	EY to review the IAS 19 Assurance Letter from the Pension Fund auditor at Bromley Pension Fund	EY
Resolution of Outstanding Audit Queries	LBB Officers to provide appropriate audit evidence supporting	Management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Updated Valuations and Resolution of Outstanding Valuation Queries	EY to review updated Investment Property Valuations	EY and management
Value for Money	EY to complete VFM and consider outcomes of conclusions from predecessor auditor for years 2017/18 and 2018/19	EY and management
Whole of Government Accounts Review	EY to complete review of NAO Whole of Government Accounts at conclusion of the audit	EY and management

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]
[Date]

Ernst & Young
FAO: Janet Dawson
EY LLP
More London Place
London
SE1 2AF

Dear Janet

This letter of representations is provided in connection with your audit of the council financial statements of London Borough of Bromley ("the Council") for the year ended 31 March 2020. 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 council financial statements give a true and fair view of the Council financial position of London Borough of Bromley as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.

We understand that the purpose of your audit of our council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, 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 2019/20 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council financial statements. We believe the Council 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 2019/20 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, we believe that the Council have 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 2019/20 for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
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 council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

Management representation letter

Management Rep Letter (cont.)

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing 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 Council financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, 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 all material transactions, events and conditions are reflected in the council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting of the General Purposes and Licensing Committee on 06 July 2021.
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 year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the council 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 council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Management representation letter

Management Rep Letter (cont.)

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 council 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. No guarantees have been given to third parties.

E. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the council financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. Accounting policy a) General Principles to the council financial statements discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the council financial statements.

J. Reserves

1. We have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and net pension liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the council 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.

L. Asset Valuation and IAS 19 Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.
2. We confirm that the significant assumptions used in making the asset valuation estimates appropriately reflect our intent and ability to carry out planned uses of assets valued.



Appendix E

Management representation letter

Management Rep Letter (cont.)

3. We confirm that the disclosures made in the council 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 2019/20 for the Council.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. 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.

Yours faithfully,

Pete Turner – Director of Finance

Councillor Pauline Tunicliffe - Chair of the General Purposes and Licensing Committee

Appendix F

Regulatory update

Since the date of our last report to the Audit Committee, there have been a number of regulatory developments. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on London Borough of Bromley 
Code of Audit Practice 2020	<ul style="list-style-type: none"> The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21. 	<ul style="list-style-type: none"> The NAO are currently updating the Auditor Guidance Notes which will set out how the new Code of Audit Practice should be applied when carrying out value for money work. As such, the impact remains to be confirmed. Further updates will be provided when possible.
Going Concern - ISA (UK) 570 (Revised September 2019)	<ul style="list-style-type: none"> The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY expects to early-adopt the revised standard for all of our audits of periods ending on or after 30 June 2020. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. 	<ul style="list-style-type: none"> Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. Further updates will be provided when possible.
Independence	<ul style="list-style-type: none"> The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to companies that are UK Public Interest Entities (PIEs). This prohibition will also extend to any UK parent and apply to all worldwide subsidiaries. A narrow list of permitted services will continue to be allowed. 	<ul style="list-style-type: none"> We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales. To date we have not identified any non-audit services which would be prohibited under the new standard.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Report No.
CSD21060

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 6 July 2021

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

Title: RETURN TO PHYSICAL MEETINGS

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: All Wards

1. Reason for report

- 1.1 The regulations which permitted virtual meetings expired on 7th May 2021 and Members need to consider for arrangements for meetings until the lockdown restrictions are lifted and beyond.
-

2. **RECOMMENDATIONS**

Members views are sought on -

(1) Whether they wish to reintroduce live-streaming of meetings.

(2) The approach to attendance by those who are not members of the committee.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Live streaming of meetings will allow a wider range of people to observe the Council's meetings.
-

Corporate Policy

1. Policy Status: New Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Estimated Cost: Up to £5k
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £366k
 5. Source of funding: Existing revenue budgets
-

Personnel

1. Number of staff (current and additional): 6
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable: Non-executive decisions are not subject to call-in.
-

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? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1 In response to the COVID situation the government introduced legislation to allow local authorities to hold virtual meetings. Bromley implemented the regulations and we successfully held virtual meetings which were live-streamed after the meeting of the Urgency Committee in May 2020. The legislation was time-limited and the power to hold virtual meetings lapsed after 7 May 2021. The government, whilst committing to keep the position under review and starting a consultation on virtual meetings, has not extended the power.

3.2 The High Court recently heard a case where it was argued that existing legislation was sufficient to allow virtual meetings to continue without a change in the law. That argument was unsuccessful, and we can no longer hold virtual meetings. A key part of the judgment reads:

"... the Secretary of State was correct in November 2016 and July 2019 to say that primary legislation would be required to allow local authority "meetings" under the 1972 Act to take place remotely. In our view, once the Flexibility Regulations cease to apply, such meetings must take place at a single, specified geographical location; attending a meeting at such a location means physically going to it; and being "present" at such a meeting involves physical presence at that location.

The Court also considered whether the requirements to make meetings open to the public could be satisfied just by live-streaming or similar. Again, they held this would not satisfy the law.

3.3 The Local Government Minister has advised that now the dispensation on virtual meetings has lapsed local authorities could consider either delegating more to officers or using single Member decision making where possible until the lockdown restrictions are relaxed. The relaxation which took place on 17th May permitted indoor facilities to operate at up to 50% capacity. The Minister has indicated this could apply to local authority meetings. The next proposed relaxation was originally set for 21st June but at the time of publication is now indicated to be 19th July

3.4 The Council anticipated that the legal case was unlikely to allow the continuation of virtual meetings. The annual meeting of the Council was moved to 19th May at the Churchill Theatre and the meeting calendar adjusted. The Council Chamber has been laid out and used in a "COVID-safe" way for meetings since 17th May. This can safely accommodate up to 20 Members, 10 supporting officers and visiting members and up to 34 members of the public and press.

3.5 The key legislative provisions covering local authority meetings are The Public Bodies (Access to Meetings) Act 1960, The Local Government Act 1972, and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Any meetings held under these provisions must now be physical meetings. This will cover Council, all Committees and Sub-Committees and the Executive. It also applies to joint arrangements with other Local authorities including joint scrutiny arrangements. It includes the Health and Well Being Board which the Health and Social Care Act 2012 provided is to be treated as if it were a committee appointed under section 102 of the Local Government Act 1972.

3.6 The provisions do not apply to pre-meetings, working groups, advisory panels or any meeting which is not called under the above provisions including most partnership bodies.

3.7 Taking the Minister's steer, Members may wish to consider whether they want to minimise the need for or amount of business considered at meetings by supporting single member decision making for Executive decisions or delegating any additional non-executive decisions to officers. In both instances oversight could be provided by advisory groups which would replace some or all the work e.g. PDS Committees or Plans Sub-Committees on a temporary basis. Members

will recall this approach for planning decisions before the rules permitting virtual meetings came into force with safeguards preventing decisions which were not supported being taken. These meetings could take place virtually and although there would be no legal obligation to do so they could be broadcast.

- 3.8 A key issue is deciding who must be present at a meeting. Members of the relevant body must be present. Therefore, a member of the body would not be present for attendance purposes or to chair the meeting or vote if they are not physically present. Members can manage attendance by holding meetings which meet the minimum quorum (usually 1/3rd of the members of the body.) The Council Chamber can accommodate full attendance by Members of the relevant bodies except for full Council.
- 3.9 However, visiting members and officers are not a part of the committee. A point the Court did not obviously address is if a physical meeting takes place whether those who are not part of the relevant body can make remote contributions. This is something that has previously happened from time to time by telephone and regularly in writing. It is arguably the position that where contributions are made by those not present the meeting is still taking place in a physical venue with those required to make it a quorate meeting being present at that venue. The law is silent on the point, but subject to all those at the venue being able to see/hear the contribution the judgment does not prevent the practice continuing. It would be illogical if the contrary were true as there is no impediment to a chairman adjourning a meeting to seek advice or a view from someone who is not present and relaying that to the meeting – possibly by showing a recording - so it would appear far better for that to be delivered to the meeting directly.
- 3.10 Any remote contributions would need to be viewed and heard or at least heard by those present including those in the public gallery and screens could be provided at a cost of from c10k including installation which can be met from existing budgets.
- 3.11 Some officer roles when exercising statutory functions may be so closely tied to the meeting itself that attendance would be required, but subject to that Members may agree it is prudent to minimise officer attendance while the present restrictions are in place.
- 3.12 It is also necessary to address attendance by the public. To date, the capacity in the Chamber has been sufficient to accommodate Members, officers and the public. Our meetings are meetings held in public rather than public meetings and even pre-COVID, there was a possibility that the space available would occasionally be insufficient for those wishing to attend. The view taken is that as long as demand had been anticipated and was accommodated, and other support mechanisms were in place, e.g. overflow rooms with live broadcasting when necessary, then reasonable provision had been made.
- 3.13 It merits examining the following paragraph from the Judgment:

“None of this, of course, prevents a local authority from broadcasting or live-streaming some or all of its meetings so as to allow wider public access. But such broadcasting or live-streaming does not, on its own, satisfy the requirement for the meeting to be "open to the public" or "held in public". We say nothing about the numbers of the members of the public who should be admitted in person, which will no doubt be subject to current public health or Government guidance. But subject to that practical consideration, or any other legislative intervention, where the requirement for the meeting to be "open to the public" or "held in public" applies, members of the public must be admitted in person as well.”

The Court recognised that meetings need to be managed in line with present restrictions and public health advice. This means that numbers at any venue will need to be controlled. The Court did not (as it could have done) say that every person who wishes to attend must be

allowed to do so and it is arguable that as long as a reasonable attempt is made to accommodate demand physically with alternative measures being provided for the rare occasions when capacity may be exceeded, meetings will be within the law.

- 3.14 Government Guidance on the safe use of Council buildings encourages the use of live streaming of meetings until COVID restrictions end. The Council has streamed a meeting of the Executive to manage an anticipated high public attendance (there were over 400 views of that meeting) and in other cases has published audio recordings of some meetings. However to date members of the public wishing to attend have been accomodated and very few requests have been received for live streaming.
- 3.15 There is arguably a difference between the public accessing the meeting on the live-stream or broadcast as observers and those actively participating in the meeting as objectors, applicants, or appellants or to undertake a constitutional right and those individuals as far as possible should attend in person with seating prioritised to permit that.
- 3.16 Broadcasting or live-steaming meetings will support this and is also a legitimate means of managing attendance by allowing those who remain content to watch remotely to continue doing so. It will also provide a useful facility for Members and officers who may wish to view the meeting or make a brief contribution to do so without the need to be physically present

4. FINANCIAL IMPLICATIONS

- 4.1 Options for updating the existing audio facilities in the Council Chamber to enable hybrid meetings and integrate with live-streaming are being explored. A suitable camera and supporting equipment will cost c£5k. Screens could be provided at a cost of c10k including installation. Costs can be met from within existing budgets. Any equipment could be used for other meetings or made available when meeting rooms are hired out when lockdown restrictions are lifted.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Personnel/ Legal/Policy/Procurement
Background Documents: (Access via Contact Officer)	High Court Judgement – 28/4/21- Hertfordshire CC, Lawyers in Local Government, The Association of Democratic Services Officers and the Secretary of State for Housng, Communities and Local Government

This page is left intentionally blank

Report No.
CSD21077

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 6 July 2021

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

Title: REVIEW OF THE SCHEME OF DELEGATION TO OFFICERS

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: All Wards

1. Reason for report

- 1.1 The Scheme of Delegation to officers is reviewed at least once a year - and an updated version is usually considered at the annual meeting of the Council. The Council is asked to note the changes made to executive delegations, and approve the non executive scheme. At the annual Council meeting on 19th May 2021 a member complained that a number of provisions in the scheme were incorrect or should be reviewed, and at the Mayor's suggestion, the matter was referred to this Committee to consider.

2. **RECOMMENDATION**

That the Committee reviews the non-executive Scheme of Delegation to Officers, and in particular the criticisms of the Scheme raised at the annual Council meeting.

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: £366k
 5. Source of funding: Revenue Budget
-

Personnel

1. Number of staff (current and additional): 6 (6.67 fte)
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable: non-executive matters are not subject to call-in.
-

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 The Local Government Act 2000 created the Executive model of local governance. The most common version adopted by local authorities vested the majority of local authority functions and decision making at a member level in an Executive comprising a Leader and up to 9 other Councillors. Bromley's Executive comprises the Leader and 6 Portfolio Holders.

3.2 The law has evolved and the present position on Executive decision making is set out in the 2000 Act as amended by the Localism Act 2011 (the Act). Section 9 D (2) of the Act provides

(2) Subject to any provision made by this Act or by any enactment which is passed or made after the day on which this Act is passed, any function of the local authority which is not specified in regulations under subsection (3) is to be the responsibility of an executive of the authority under executive arrangements.

3.3 Originally Council could set the executive scheme of delegation but as the legislation developed those powers were vested entirely in the Executive Leader. The position now is set out in section 9E of the Act

(1) Subject to any provision made under section 9EA or 9EB, any functions which, under executive arrangements, are the responsibility of—

(b) a leader and cabinet executive (England),

are to be discharged in accordance with this section.

(2) The senior executive member [Leader]—

(a) may discharge any of those functions, or

(b) may arrange for the discharge of any of those functions—

(i) by the executive,

(ii) by another member of the executive,

(iii) by a committee of the executive,

(iv) by an area committee, or

(v) by an officer of the authority.

3.4 Therefore, the delegation of Executive functions is entirely a matter for the Leader and is not a matter for this Committee.

3.5 For non executive functions, section 101 of the Local Government Act 1972 provides the main general power to delegate. That allows for the majority of non executive functions to be exercised by Council, a committee, a sub-committee or an officer. The main list of non executive functions is set out in the The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended).

3.6 Certain matters are reserved to full Council - e.g appointing the Mayor and setting the budget. Other matters must be discharged by specific parts of the Council and cannot be delegated further - e.g certain licensing functions, which limits discharging these functions to between 10 - 15 named members. Some matters - e.g certain staffing matters, and surveillance authorisation under the Regulation of Investigatory Powers Act 2000 (RIPA) are reserved by law to Officers.

The relevant statutory provisions allow onward delegation in most cases so g a committee can delegate to a sub-committee or to an officer.

- 3.7 The Council has a single scheme covering both executive and non executive functions which are marked as such on the scheme . There are some areas which overlap both Executive and non executive functions and these are marked accordingly.
- 3.8 At the annual meeting of the Council on 19th May 2021, a member raised some queries about the Scheme of Delegation, and these issues were referred to this Committee for further consideration. The five issues raised are set out in Appendix A. Three of these issues concern executive delegations, which this Committee cannot change. One issue concerns an update which can be made when the Scheme next needs to be updated by full Council

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Financial/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	Scheme of Delegation to Officers – May 2021

**COMMENTS ON THE SCHEME OF DELEGATION –
ANNUAL COUNCIL MEETING 19TH MAY 2021**

Delegation and objection	Executive/ Non-Executive	Officer Comment
<p>Page 30 - (24) <i>To DEPP - “Authorise action under Sections 28 and 29 of the Regulation of Investigatory Powers Act 2000.”</i></p> <p>The concern was that the RIPA provisions are intrusive and overbearing - the Police have the necessary powers and these powers should not be delegated to officers.</p>	<p>Executive</p>	<p>This matter is reserved by law to Council officers, and cannot be exercised by Councillors. It is also an executive delegation from the Leader which the Committee cannot withdraw</p>
<p>Page 33 - (11) <i>To ADP - “Decide action on applications for approval of intended names of streets.”</i></p> <p>Councillors should decide on names of new streets and buildings, and should use names of former prime Ministers with associations with the Borough.</p>	<p>Executive</p>	<p>This is an executive delegation from the Leader which the Committee cannot withdraw.</p>
<p>Page 43 - (83) <i>To DEPP – “Approve annual requests from Environment Bromley for grant funding.”</i></p> <p>Why should Environment Bromley be singled out to receive an automatic annual grant?</p>	<p>Executive</p>	<p>There is not an automatic grant. It allows officers to permit, but refusal would be a Member decision. This is an executive delegation from the Leader which the Committee cannot withdraw</p>

<p>Page 52 – (8) <i>To all chief officers & DHR - “Authority to agree applications for early retirement outside the redundancy policy where this will lead to compensatory staff savings, and act as a member of the Chief Officer Early Retirement Panel to determine applications for early/flexible retirement under the Local Government Pension Scheme Regulations.”</i></p> <p>Why should Members agree to delegate powers to authorise payments that are not compliant with policy?</p>	<p>Council</p>	<p>This delegation allows chief officers some flexibility in dealing with complex and sensitive matters concerning individual members of staff that are not necessarily covered by relevant policy where that will achieve savings .</p>
<p>Page 75 –<i>“Secondary legislation made under the European Communities Act 1972”</i></p> <p>This is now out of date – it should refer to the European Withdrawal Agreement Act 2020</p>	<p>N/A</p>	<p>It is accepted that this needs updating – this can be done when the Scheme is next considered by full Council.</p>

Report No.
CSD21076

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 6 July 2021

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

Title: WORK PROGRAMME AND MATTERS ARISING

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: All

1. Reason for report

- 1.1 This report summarises the Committee's work programme for the 2021/22 Council year. In accordance with the decision of Council on 8th April 2019, this report also covers matters outstanding from previous meetings.
-

2. **RECOMMENDATION**

Members are requested to consider and note the matters outstanding from previous meetings (paragraph 3.5) and their draft work programme for 2021/22.

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: £366k
 5. Source of funding: 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: None:
 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 Leader, Portfolio Holders and the Executive. However, there are a number of functions which the executive side 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.

3.2 General Purposes and Licensing Committee fulfils the role of Licensing Committee under the 2003 Licensing Act (which requires a membership of between ten and fifteen), 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, the Pensions Committee or the Standards Committee. It therefore has a range of varied and sometimes unrelated responsibilities, including audit, human resources, complaints, elections and 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
- Rights of Way Sub-Committee

These sub-committees have decision-making powers within their own terms of reference, and in some cases only meet when issues arise that require a decision from Members.

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 2021/22 Council year are set out in Appendix A, with the reports anticipated for each meeting.

3.5 Members are asked to note the following matter outstanding from a previous meeting –

Minute 157 – 1 June 2021 (Appointments to Outside Bodies 2021/22)

Following the appointments made by the Committee, a small number of vacancies remain unfilled –

- Bromley Arts Council (not needed as the Arts Council is being replaced by a new Trust)
- Community Links Bromley
- Cray Valley War Memorial Hall (x2)

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
Work Programme 2021/22

19th May 2021 *(following annual Council meeting)*

Appointment of Sub-Committees

1 June 2021

Appointments to Outside Bodies

Work Programme & Matters Outstanding

6th July 2021

Audit of 2019/20 Financial Statements

Review of Meeting Arrangements

Scheme of Delegation to Officers

Work Programme & Matters Outstanding

(meeting to be followed with a briefing on Licensing issues)

21st September 2021

Review of GLA Election 2021

Annual Complaints Report and Annual Ombudsman's Letter 2020/21

Transforming Bromley 2019-23: The first Two Years

Work Programme & Matters Outstanding

30th November 2021

Member Support, IT and Induction - 2022

Teachers Pay Policy - Centrally Based Staff

Work Programme & Matters Outstanding

8th February 2022

Pay Policy Statement 2022/23

Members Allowances 2022/23

Programme of Meetings 2022/23

Work Programme & Matters Outstanding

29th March 2022

Executive Assistants Reports 2021/22

Annual Review of Licensing Activity

Annual Review of the Scheme of Delegation to Officers

Work Programme & Matters Outstanding

A report will be presented on the Audit of Financial Statements for and 2020/21 – date to be confirmed.

Draft Minutes from Sub-Committee meetings are received for information at each meeting.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is left intentionally blank