2012/13
Annual Report
and
Statement
of Accounts

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ANNUAL REPORT

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FOREWORD FROM THE LEADER OF THE COUNCIL

These remain challenging economic times. We face further cuts in government funding and have to save another £50 million from our budget over the next four years. We have a reputation for sound financial management and we continue to scrutinise every aspect of Council activity to ensure we deliver the best value for money and are able to work with you and our partners across the borough to continue Building a Better Bromley.

I am therefore pleased to present our Annual Statement of Accounts where we highlight a number of our achievements over the past year and outline some of our plans for the future to keep our borough a place where people choose to live, work, study and visit. Among others, our achievements include:

- opening Anne Sutherland and Regency Court extra care housing schemes
- opening a new respite and short break supported living home for those with learning disabilities
- supporting households to prevent homelessness
- investing in a project to help our unemployed young people into sustainable employment opportunities
- establishing a children's champion and Commitment to Education
- becoming a special educational needs pathfinder and champion
- ensuring Chislehurst Road Bridge re-opened on time and on budget
- introducing new green waste collection arrangements
- introducing fixed penalty notices for littering
- Investing in the fabric of our borough with a mixed use development at The Walnuts, a successful Orpington Business Improvement District bid, initial funding secured to invest in the Priory, Orpington, an improvement programme agreed for Beckenham
- Managing our resources well, for instance through maximising income through garden waste collection schemes, saving money through successful benefit fraud prosecutions, reducing management and staff costs, introducing local pay and conditions, successfully lobbying government about academy schools programme funding and managing the successful transition of public health responsibilities to the Council under the Health and Social Care Act.

Next year we will continue to invest in the economic well-being of our borough and protect our green spaces. Plans include a mixed-use development in Orpington, a multi-screened cinema, shops and restaurants at Bromley South with plans to develop a further retail scheme underway. We will continue to protect front-line services for the most vulnerable in the borough and further develop our Active Citizen's programme to enhance and extend volunteering opportunities in the borough.

We also continue to lobby government for a fairer deal in terms of funding and despite the challenges we remain steadfast in our commitment to work with you and our partners to continue Building a Better Bromley for the good of all our community.

Stephen Carr
Leader
Bromley Council

BUILDING A BETTER BROMLEY

Since 2005 the Council has had an agreed framework to improve the life of all those that visit, live, study, or work in the Borough. Called "Building a Better Bromley" this framework has six key aims:

- A Quality Environment;
- Vibrant, Thriving Town Centres;
- Ensuring all Children and Young people have the opportunity to achieve their full potential;
- Supporting Independence;
- Safer Communities; and
- Providing an Excellent Council

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

Cleaner, Greener Bromley

Every day we work in parks and green spaces, and on our streets, to maintain and enhance the environment in which local people live and work. Every day we work across the borough, collecting refuse and recycling, sweeping and maintaining roads to make sure they are clean and safe. We have achieved much by working with residents through our Friends initiatives and there is more we can achieve together.

During 2012-13 we have:

- Continued to recycle and compost over half of the borough's domestic waste
- Reduced the proportion of waste sent to landfill to an all-time low of 25%
- Ensured 8,500 households have joined the new Green Garden Waste collection service
- Introduced new textile recycling Bring Banks
- Maintained our high standards in tackling litter, graffiti and fly-posting
- Reduced the number of fly-tipping incidents by 14%, and increased the number of enforcement actions taken - also by 14%
- Commenced a major programme to replace 8,000 old lamp columns and 12,000 street light lanterns
- Ensured the renovation of Chislehurst Bridge was successfully completed in November 2012
- Ensured Bromley's main roads continue to be maintained to a high standard
- Supported 110 Bromley schools to implement Travel Plans
- Welcomed 35 schools who have joined the Council's School Crossing Patrol road safety scheme
- Seen a decline in total road injuries from 870 in 2011 to 821 in 2012.

Now we plan to:

- Consolidate our improved recycling rates, building on the success of 'Recycling for All' to divert waste from landfill
- Introduce a textile collection service, incorporating new bring banks and kerbside collection
- Expand take up of the Green Garden Waste collection service
- Support the development of facilities for producing energy and fertiliser from organic waste
- Improve the standard of street cleanliness
- Expand the Street and Snow Friends schemes
- Continue to support the activities of Friends of Parks
- Continue to implement the major 'invest to save' project to replace 8,000 lamp columns and 12,000 street lanterns by 2015
- Sustain our investment in roads and pavements
- Continue to take effective action to improve road safety and reduce accidents
- Seek to reduce traffic congestion and improve journey times
- Build on the successful establishment of a shared parking service in partnership with LB Bexley.

A Vibrant, Thriving Borough

Our aim is that the borough remains a thriving and vibrant place. We will ensure that our town centres are successful and competitive, through a combination of sensitive planning and major private sector investment. We aim to make the London Borough of Bromley a place where people choose to live, work and shop.

During 2012-13 we have:

- Continued the delivery of the first phase of the Bromley Area Action Plan by commencing development works on Site K
- Delivered a royal visit and major town centre event in Bromley to celebrate the Queen’s Diamond Jubilee
- Developed a Business Improvement District to a successful ballot stage in Orpington
- Planned and consulted on public realm improvements for Beckenham town centre and initiating delivery of a series of environmental and business improvements in the town
- Delivered a programme of improvements to secondary shopping parades across the borough
- Accommodated and promoted the Olympic torch relay for the London 2012
- Maximised income from the Council’s property investment portfolio
- Undertaken consultation on the ‘Options and Preferred Strategy’ for the Bromley Local Plan
- Supplied good quality affordable housing that best meets local statutory and priority housing needs by allocating capital funds to support the shared ownership homes at Site K
- Successfully achieved a first round pass from the Heritage Lottery Fund to develop plans for Bromley Museum at The Priory, Orpington.

During 2013-14 we will:

- Submit the draft Local Plan to the Planning Inspectorate setting out the policies for future development in the borough over the next 15 years.
- Bring forward development frameworks and Masterplans to increase investment and business development in the borough, especially at Bromley Town Centre, the Cray Valley and Biggin Hill Airport
- Complete local improvement projects at Bromley North and Beckenham town centre
- Improve current planning services and efficiency through the implementation of an improvement plan
- Review the Council’s operational and investment property portfolio to ensure that property assets are efficiently managed and where appropriate, rationalised
- Ensure that income and capital receipts are maximised through vigorous estate management
- Support town centre rejuvenation and other corporate priorities through property advice and the acquisition of properties.
- Produce a Housing Strategy setting out the Council’s Housing objectives over the next 5 years
- Encourage the supply of good quality affordable housing that best meets local statutory and priority housing needs
- Develop plans for the provision of a new library service to serve the Penge/Anerley area
- Develop proposals for a new gymnastics centre and library at the Bromley Valley Gymnastics/Cotmandene sites
- Work up detailed designs and plans to support the submission of a second round application to the Heritage Lottery Fund for a delivery grant to develop Bromley Museum at the Priory, Orpington
- Work with stakeholders to submit a first round application to the Heritage Lottery Fund for a grant to develop proposals for capital improvements and a programme of activities to conserve, restore and regenerate Crystal Palace Park.
- Develop proposals for Heritage Centre at Biggin Hill
- Support the creation of sustainable job opportunities for unemployed residents aged between 18 and 24 by way of apprenticeships and internships through the delivery of a youth employment project
- Explore opportunities to support town centre partnerships to establish Business Improvement Districts in the borough.

Children Matter

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

During 2012-13 we have:

- Secured permanent expansion of Churchfields Primary School by 30 and Riverside School (St. Pauls Cray site) by one form of entry, admitting eight pupils with Autistic Spectrum Disorder to Year 7, each year from September 2013, and secured in principle funding from the DfE for a new primary school
- Agreed the re-organisation of Bromley Road Infants School and Worsley Bridge Junior School into separate primary schools, with Worsley Bridge taking children of reception age for the first time a year early from September 2013
- Supported achievement of 'second highest performing London borough' at Key Stage 2
- Supported our children in care with educational achievements including five young people studying for a degree this year
- Agreed a clear strategy for academy conversion which has supported two more schools in becoming academies making a total of 31 academies
- Launched the Bromley Youth Employment Project in conjunction with Bromley College to create apprenticeships and internships for unemployed 18-24 year old Bromley residents
- Tested the Education, Health and Care Plan holistic planning and assessment tool with 30 families prior to full implementation in September 2014 through a national Pathfinder initiative
- Enhanced the awareness of safeguarding children by supporting a range of health and social care providers (including GP practices, dentists and educational establishments) to access and pass over 700 modules in the e-learning programme
- Reduced the number of children on a protection plan from 188 in 2011/12 to 177 this year
- Increased the percentage of looked after children placed with in-house foster carers from 67.8% in 2011/12 to 70.1% and recruited 22 new sets of foster care units against a target of 20
- Increased the number of children subject to an adoption order from 10 in 2011/12 to 17 this year
- Reduced the number of first time entrants to the Youth Justice System by 22 (as at December 2012).

Now we plan to:

- Build capacity to deliver an additional 600 early years places for two year olds
- Work with early years providers categorised as satisfactory or less to ensure high quality services
- Implement the Primary Schools development plan (including expansions) to provide additional reception places by 2014
- Provide 'bulge' classes at seven schools for September 2013 with feasibilities studies taking place at a number of schools with regards permanent expansion
- Accelerate the Bromley academy programme to increase the number of primary schools in the borough that are academies, continuing to work closely with the Diocese of Rochester and Arch Diocese of Southwark to support Academy conversions
- Work towards zero maintained schools causing concern by 2015 and that no school will remain in a high priority category for more than 18 months
- Ensure that all resident children are able to receive a high quality school place within published timescales
- Provide young people with opportunities to enter employment through the creation of the three year Bromley Youth Employment Programme aimed at unemployed residents aged 18-24 by way of apprenticeships and internship;
- Develop an accessible directory of services for children, families and young people with Special Educational Needs and Disabilities across Education, Health and Care
- Increase the specialist school places available for children with complex needs
- Ensure that over 85% of all school leavers are in education, employment and training
- Lessen the amount of time it takes for children to be adopted by reducing the number of weeks children are subject to care proceedings working with the Courts.

Supporting Independence

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

During 2012-13 we have:

- Prevented homelessness for more than 1,500 households. Over 450 households have received advice and assistance to secure private rented sector accommodation, and over 100 households have been assisted through preventing repossessions either in home ownership or privately rented accommodation
- Launched the short breaks services for adults with learning disabilities. The first guests were welcomed in November 2012 to the 12 bedroom hotel style respite service
- Opened additional extra care housing and supported living schemes, providing 110 flats for frail and elderly and eight flats for adults with learning disabilities
- Supported 80% of service users aged 65+ discharged from hospital with a reablement/rehabilitation service to remain in their own home 91 days after discharge
- Enhanced the MyLife web site to provide information about Housing and Public Health. A range of 'Talking Heads' videos are also available on the site
- Awarded the contract for Healthwatch Bromley which will play a crucial role in making sure patients, carers and other service users have a strong independent voice in the planning of health and social care in Bromley
- Enhanced awareness of safeguarding adults by supporting a range of health and social care providers (including GP practices, dentists and educational establishments) to access and pass over 700 modules of the e-learning programme.

Now we plan to:

- Focus on preventing homelessness by working in partnership to maximise and make best use of the supply and use of affordable housing
- Continue to work with the Job Centre Plus to provide courses to assist people in becoming work ready, through Bromley Adult Education College
- Ensure all disabled young adults will have an education, health and care plans that support them through the transition to adulthood
- Support young disabled adults to travel independently through the implementation of a travel training programme
- Work with health to support older people to regain independence following illness or loss of mobility through reablement, occupational therapy and intermediate care
- Ensure older people have more choice in the types of day time activities they can access both independently and commissioned by the council
- Ensure the voice of service users and carers is routinely sought regarding developing/changing services and when we receive feedback we take action
- Ensure effective community engagement takes place (particularly relating to health services) through the establishment of Healthwatch
- Ensure service users and carers are able to access an assessment of their needs in a timely manner and where eligible are provided with a support plan to meet these needs.

Safer Bromley

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

During 2012-13 we have:

- Supported an Integrated Offender Management approach whereby prolific offenders are given an individual plan to reduce reoffending

- Provided training and risk assessment training for professionals who identify issues of domestic abuse in their work with clients
- Commissioned the provision of domestic abuse advocacy in order to support victims in pursuing conviction of offenders
- Worked to combat rogue traders and help vulnerable people to avoid being targeted
- Commissioned a programme of mentoring for young people identified as at risk of criminal or anti-social behaviour
- Responded to all complaints of antisocial behaviour and where appropriate took formal action to tackle it
- Provided targeted diversionary activities for young people including training, sport and summer events
- Supported community groups in tackling crime and anti-social behaviour within neighbourhoods
- Provided improved communication with local communities, supporting and directing contact with Safer Neighbourhood Teams
- Worked with partners to provide crime prevention advice and guidance
- Recognised community safety champions through the Safer Bromley Award scheme.

Now we plan to:

- Organise a 'Crime Prevention Summit' focussing on key community safety issues in Bromley
- Work with our Police partners to ensure the successful introduction of the local policing plan
- Co-ordinate multi agency area clean ups in areas identified as suffering from a range of enviro-crime issues
- Develop an anti social behaviour service in line with the Government's new anti social behaviour measures
- Secure funding from the Mayor's officer for Policing and Crime for a number of crime reduction initiatives such as:
    - Anti social behaviour 'hot spot' areas - multi agency project
    - Domestic Abuse projects
    - Programme of mentoring for young people identified as at risk of criminal or anti-social behaviour
- Provide a series of programmes and initiatives to divert young people from crime and anti-social behaviour
- Tackle scams and doorstep crime in order to protect the elderly and vulnerable
- Ensure that all food outlets in the borough provide their products safely and hygienically
- Uphold robust licensing policy and engage licensees through Best Bar None scheme.

Healthy Bromley

During 2012-13 we worked with public health professionals, supported by the PCT cluster, to successfully manage the transition of a number of public health responsibilities to the Council. These responsibilities have been transferred to local government as part of the government's health reforms under the Health and Social Care Act 2012 and include the following: public health advice to the Clinical Commissioning Group; sexual health services; supporting health protection services; reducing smoking and encouraging responsible drinking; weight management; increasing exercise; improving immunisation rates and helping the elderly in cold weather.

A further part of the government's health reforms has been the establishment of statutory Health and Wellbeing Boards across the country. This is where councillors, public health professionals, GPs, patient advocates and other key partners come together to identify and address key health priorities for the area. These priorities are set out in a Joint Strategic Needs Assessment.

Now we plan to:

- Work with health providers and focus on areas identified within the Health and Wellbeing Strategy in improving health and delivering Public Health outcomes
- Ensure that health priorities are integrated within all areas of the Building a Better Bromley framework

- Ensure effective community engagement to help shape local services through the establishment of Healthwatch, a new consumer champion for health and social care being set up at a local and national level.

Excellent Council

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

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

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

- Building a Better Bromley Priorities
- Resources Portfolio Plan
- Financial Strategy to 2012-13 to 2015-16
- Financial Control Budget 2013-14
- Asset Management Plan
- Customer Access Strategy
- Customer Service Charter
- Equality Scheme
- Complaints, Comments and Suggestions policies
- Human Resources Strategy
- Health and Wellbeing Strategy
- Localised Pay and Conditions
- Corporate Operating Principles

DEVELOPMENT CONTROL COMMITTEE

During the year, the Committee progressed a number of major proposals including the erection of a part 4/5 storey building to provide 3 restaurant/café units, 4 retail units and a 7 screen cinema at The Walnuts shopping centre, 41 residential units at the previous Leesons Day Centre site in Chipperfield Road, Orpington and a medical centre and pharmacy at the Penge Clinic site in Oakfield Road, Penge.

The large mixed use development at Bromley South comprising a cinema, 200 flats, a hotel, retail units, restaurants and a drinking establishment is underway with the demolition of the car park.

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

- Dealing with around 4,000 planning applications
- Investigating over 800 alleged breaches of planning control and serving 120 enforcement notices
- Making 70 new tree preservation orders bringing the borough total to over 2,500
- Handling almost 300 appeals against refusals of planning applications and enforcement notices
- Encouraging good design through the Advisory Panel for Conservation Areas (which met on 12 occasions during the year and advised on around 250 applications in conservation areas)
- Adopting the Bromley Town Centre Area Action Plan and defending a Statutory Challenge to Policy OSA Bromley North Station
- Prepared and consulted on a Renewal Strategy for Penge Town Centre
- Commenced role as collecting authority for the Mayor Community Infrastructure Levy, and implementation of CIL regulations
- Responded to Government Consultation on further Community Infrastructure Levy reforms, changes to Permitted Development Rights, and applied for Exception from Permitted Development Rights from Business (B1a) to Homes (C3) to the Secretary of State for key business areas within the Borough
- Responded to Mayor’s consultation SPGs and Minor Alterations to the London Plan (July 2011)
- Moved to preparing a Local Plan to meet the National Planning Policy Framework (March 2012) requirements building on the evidence and preparatory work undertaken for the Core Strategy within the former Local Development Framework
- Preparation and commencement of consultation on the Local Plan ‘Options and Preferred Strategy’ document
- Preparation and publication of Bromley’s Five Year Housing Land Supply Paper 2012-2017
- Preparation and publication of Bromley’s Authorities’ Monitoring Report 2011/12.

The Committee has progressed the development of the Local Plan in particular the Options and Preferred Strategy document and considered and responded to Government’s continuing proposed planning reforms, and have considered responses to Government’s and London wide planning policy and related matters.

COUNCIL MEETINGS

Over 200 meetings were held during 2012/13, most of which were open to the public and media. The full Council met on 5 occasions (including the annual meeting.)

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

Public speaking

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

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

Contacting your Councillor

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

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

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

GETTING IT RIGHT

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

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

We want it to be as easy as possible for people to give us their comments and help is available from staff, voluntary agencies, or local councillors. Names, addresses and telephone numbers of councillors are available on our website. We welcome comments, complaints and suggestions made through our on-line complaint form or if you prefer, contact us by letter, email, telephone or in person.

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

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

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

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

ENVIRONMENTAL REPORT

Background

This is the third time that the Council has reported on key environmental and related financial data as a sustainability report within its Annual Report & Statement of Accounts.

In March 2013, HM Treasury published its 2012/13 guidance: Public Sector Annual Reports: Sustainability Reporting. This sets out the minimum reporting requirements for central government bodies and agencies. Although local government is not yet required to produce such reports, an increasing number do so and environmental reporting is the norm in FTSE 100 companies. More generally, local authorities are required to report on Greenhouse Gas Emissions (GHG) to the government and, from 2013/14, all 1,800 companies listed on the London Stock Exchange main market will also be required to report on such emissions.

The latest HM Treasury guidance states that Annual Reports should contain a discrete section on sustainability performance including a:

- simple overview commentary covering performance, with an overview of forward plans; and
- comparison of financial and non-financial information covering the organisation's emissions, waste and finite resource consumption.

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme further reinforces the need to align financial and environmental data, as the Council is required to report annually on revenue expenditure, carbon emissions and then purchase sufficient carbon allowances to cover its CRC-relevant emissions.

Summary of Performance

Although the Council has many programmes which contribute to improving its environmental performance, the Carbon Management Programme (CMP) is fundamental to reducing environmental impacts and costs. The Council intends to continue this activity to drive down emissions and costs for a second five-year phase.

The table below summarises performance for the past three financial years. In 2012/13, greenhouse gas emissions fell by 847t CO_2e (3%) compared with 2010/11, but increased by 774t (2.9%) compared with 2011/12. Although the trend in energy consumption is down, the cold winter (2,298 degree days[1] compared to 1,891 in 2011/12) led to a significant increase in gas consumption, and hence emissions and costs in 2012/13. As a result of a combination of increased emissions and reduced Net Portfolio Expenditure, the Council's 'carbon intensity' – the amount of carbon emitted relative to Council expenditure – increased during 2012/13.

Performance Summary

Impacts	2010/11	2011/12	2012/13
Greenhouse Gas Emissions (tCO_2e)	28,633	27,012	27,786
Net Portfolio Expenditure (£,000)	213,765	199,509	182,212
Carbon Intensity (tCO_2e / £m expenditure)	134	135	152
Electricity Consumption (buildings) (MWh)	21,288	22,809	20,822
Electricity Consumption (street lighting) (MWh)	13,417	13,252	13,464
Gas Consumption (buildings) (MWh)	53,124	42,444	51,386
Total Energy Expenditure (electricity & gas in buildings, street lighting, transport fuel & heating oil) (£,000)	2,616	2,483	2,521
Civic Centre Waste Disposal (landfill/incineration) (tonnes)	98	98	93
Civic Centre Waste Expenditure (landfill/incineration costs) (£)	8,443	9,083	8,875
Civic Centre Water Consumption (m^3)	n/a	15,862	14,360
Civic Centre Water Expenditure (£)	n/a	44,988	34,879

[1] Degree days are a representation of outside air-temperature data: the colder the weather, the greater the number of degree days

Sustainability Report

The following sections show both non-financial and financial progress since 2008/09, including information on: Greenhouse gas emissions; waste arisings (Civic Centre only); and finite resource consumption (water use at Civic Centre). Information on biodiversity, procurement and governance is also included, illustrating the broader linkages between Council spending and related environmental impacts.

Greenhouse Gas Emissions

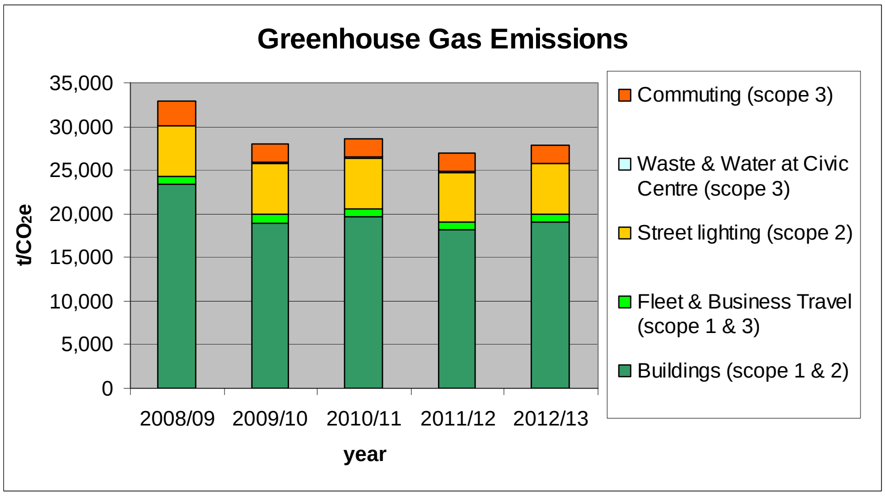
Greenhouse gas (GHG) emissions are described for reporting purposes as:

- Scope 1 (‘direct emissions’): e.g. from oil/gas-fired boilers and fuel used in Council vehicles
- Scope 2 (‘indirect emissions’): e.g. from the consumption of electricity generated at a power station
- Scope 3 (‘other indirect emissions’): e.g. from business travel, commuting, waste and water

Greenhouse Gas Emissions		**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**
Non-financial indicator (tCO_2e)	Buildings (exc. Mytime) (Scope 1 & 2)	23,366	18,913	19,636	18,157	19,092
	Fleet & Business Travel (Scope 1 & 3)	971	1,042	991	917	827
	Street Lighting (Scope 2)	5,729	5,841	5,769	5,699	5,790
	Civic Centre Water & Waste (Scope 3)	56	56	48	50	48
	Commuting (Scope 3)	2,822	2,189	2,189	2,029	2,029
	Total GHG Emissions (Scope 1, 2 & 3)	32,944	28,041	28,633	27,012	27,786
Energy consumption (MWh)	Electricity (including Street Lighting)	36,442	34,285	34,705	36,061	34,286
	Gas	62,293	51,791	53,124	42,444	51,386
	Heating Oil	6,761	1,530	2,420	1,769	2,318
Financial indicator (£,000)	Energy Expenditure (excl. schools)	2,656	2,533	2,616	2,483	2,521
	CRC Expenditure (excl. schools)	0	0	0	85	94*
	Business Travel Expenditure	1,061	1,047	1,033	944	846

** This figure is an estimate of the cost as allowances have yet to be purchased*

Graphical Representation



Performance Commentary

There has been a significant decrease in greenhouse gas emissions of 5,158t (16%) since 2008/09 but an increase of 774t (2.9%) since 2011/12, mainly due to the exceptionally cold winter. On average, the winter of 2012/13 was colder than 2011/12 by 2.5 degrees per day.

Controllable Impacts Commentary

The Council’s main controllable impacts are from electricity and fuel use and this is controlled through: the Carbon Management Programme; the Carbon Management Fund invest-to-save programme; Property’s Planned Maintenance Programme; and the CRC Programme (which lead to improved data management).

Overview Of Influenced Impacts

The Council does not control energy-use in schools, though it can seek to influence this in Maintained Schools. The Council can also seek to influence suppliers through its Sustainable Procurement Policy.

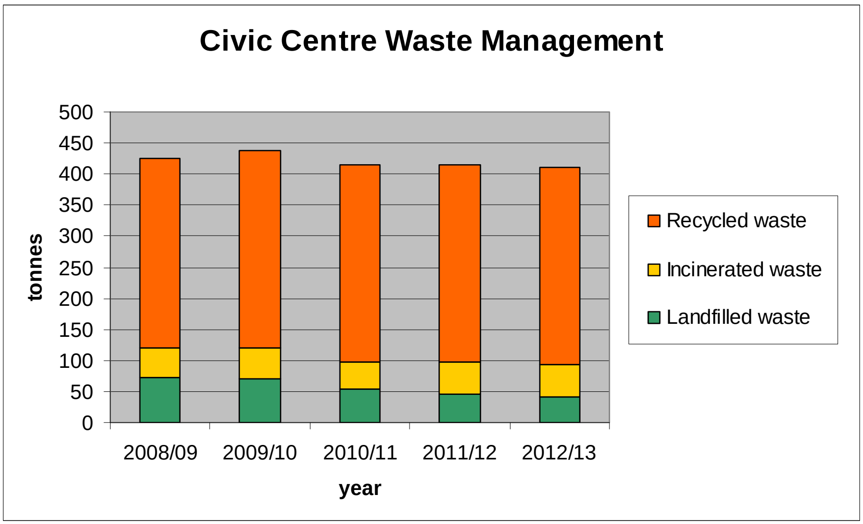
Waste Arisings & Finite Resource (Water) Consumption

This section deals with waste arisings and finite resource consumption (water use) at the Civic Centre – rather than borough-wide waste management, which is reported elsewhere as a service matter. The Council generates waste and uses water at many sites but the most significant consumption relates to the Civic Centre.

Waste (Civic Centre Only)		2008/09	2009/10	2010/11	2011/12	2012/13
Non-financial indicator (t)	**Total waste collected**	**426**	**437**	**415**	**415**	**411**
	Recycled waste	306	317	317	317	318
	Landfilled waste	72	71	54	46	41
	Incinerated waste	48	49	44	52	52*
Financial Indicator (£)	Cost of landfilled waste	£5,688	£6,420	£5,444	£5,238	£5,003
	Cost of incinerated waste	£3,036	£3,198	£2,999	£3,845	£3,872
	Total disposal cost	**£8,724**	**£9,618**	**£8,443**	**£9,083**	**£8,875**

** In 2012/13, this 52t of incinerated waste generated 29,600 kWh of electricity*

Graphical Representation



Performance Commentary

Civic Centre waste arisings have fallen steadily since 2008/09. While the tonnage recycled has remained broadly constant, the recycling rate has risen from 72% to 77% (because total waste has fallen). Incinerated waste tonnages have remained broadly static and the percentage of waste to landfill fell from 17% to 10%.

Controllable Impacts Commentary

The Council's main controllable impacts relate to office waste and how it is treated. The key challenges are to reduce waste arisings and to increase the amount of recycling – both of which are happening. Management options accord with the waste hierarchy's preference for incineration with energy recovery (~30,000 kWh in 2012/13) over landfill (which is less environmental and attracts the landfill tax).

Overview of Influenced Impacts

During 2012/13, the Council sought to influence both the amount of waste produced and the quantity recycled through the Environmental Champions' Network. The Champions encouraged colleagues to reduce waste (e.g. through reuse) and to recycle any unavoidable waste.

Finite Resource Consumption: Water (Civic Centre Only)

2012/13 is the second year for which Civic Centre water consumption has been reported: 14,360m^3. This compares with 15,862m^3 in 2011/12 – a decrease in consumption of 1,502m^3 (9%).

Performance Commentary

The closure of some Civic Centre properties, action to reduce loss through leakage, activity by the Environmental Champions' Network, and measures taken to improve water efficiency have all contributed to a decrease in water consumption.

Climate Change Adaptation

To ensure the country is prepared for severe weather events such as heat waves, droughts, floods and snow, the government recently published its National Adaptation Programme – which is designed to improve environmental resilience nationally.

The changing climate means that the Council also needs to ensure its infrastructure and service provision, such as highways and greenspace management, can cope with weather extremes by identifying local risks and responses. More generally, Council activities such as planning policy, Public Health and emergency planning also address this issue to help reduce disruption to services, residents and the local economy.

Biodiversity and Natural Environment

'A Quality Environment' is one of the six Building a Better Bromley priorities and, naturally, there is a service focus on conserving Bromley's green spaces. Council expenditure directly affects biodiversity through the maintenance of the Civic Centre estate and the management (with the help of 56 Friends of Parks groups) of 156 parks and open spaces across the borough.

The Council also has oversight of the borough's natural environment, as set out in Bromley's Biodiversity Action Plan (currently being reviewed by partner organisations). In terms of species management, more than 100k records have been logged and some 90 Sites of Importance for Nature Conservation (most of which have conservation management plans) have been designated in the Local Plan. The Council continues to work with partners to deliver action for biodiversity. This includes managing the rural landscape across five Local Nature Reserves and three Sites of Special Scientific Interest – supported through the Higher Level Stewardship and English Woodland grants. Members have also recently endorsed the 'All London Green Grid' plan for London's Downlands. This highlights strategic opportunities for improving and developing green infrastructure across Bromley and beyond.

Sustainable Procurement

Sustainable Procurement concerns ensuring that the Council meets its needs for services, works and supplies in a way which achieves value-for-money on a 'whole life cost' basis – generating benefits for the organisation, residents and local economy, while minimising environmental damage.

The Council spends around £180 million each year with some 3,000 suppliers and each transaction will have some form of associated environmental impact. In addition, Bromley's Procurement Strategy includes a sustainable procurement policy and whole-life costing is incorporated into the Council's Contract Procedure Rules – which allow for the consideration of these impacts. Sustainability benefits are also considered at the planning stage in Gateway Reviews, and at pre-qualification and tender stages when letting contracts.

Governance

LB Bromley's environmental objectives are delivered, in general terms, through Departmental Business Plans and themed Portfolio Plans, which support the Council's 'Quality Environment' and 'Excellent Council' aims.

Senior officers attend the Environmental Management Programme Board (EMPB) to provide strategic oversight of carbon and environmental management activity and ensure these objectives align with those of the Council. In particular, the EMPB monitors progress in relation to key programmes such as the Carbon Management Programme (CMP) and Carbon Reduction Commitment (CRC) and environmental resilience. Benefits should include improved governance and transparency, and more effective programme delivery.

In addition, Members annually scrutinise detailed CRC and CMP reports at the Executive and the Carbon Management Fund invest-to-save programme is scrutinised by the Improvement & Efficiency Committee.

APPROVAL OF THE STATEMENT OF ACCOUNTS

I hereby confirm that the Statement of Accounts for the year ending 31st March 2013, as signed by the Director of Finance on the 25th September 2013, has been approved by the General Purposes and Licensing Committee of the London Borough of Bromley at its meeting on 25th September 2013.

Councillor Tony Owen
Chairman of the General Purposes and Licensing Committee
25th September 2013

DIRECTOR OF FINANCE EXPLANATORY FOREWORD

Introduction

I am pleased to introduce the Council's Statement of Accounts for 2012/13. This statement summarises the financial performance of the Council during 2012/13 showing expenditure on all services during the year and the financial position at 31st March 2013.

Background

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

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

Financial Statements

The main statements in this document are:

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

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

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

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

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

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

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

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

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

Financial Performance

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

	Budget £m	Actual £m	Variation £m
Net expenditure on Bromley's Services	205.54	194.98	(10.56)
Funded by:			
Grant and Council Tax	(203.99)	(204.06)	(0.07)
Carry Forwards from 2011/12	(1.55)	-	1.55
Increase in General Reserves	-	(9.08)	(9.08)
Contribution from General Reserves to Economic Development & Investment Fund	-	20.69	20.69
Reduction in General Reserves	-	11.61	11.61

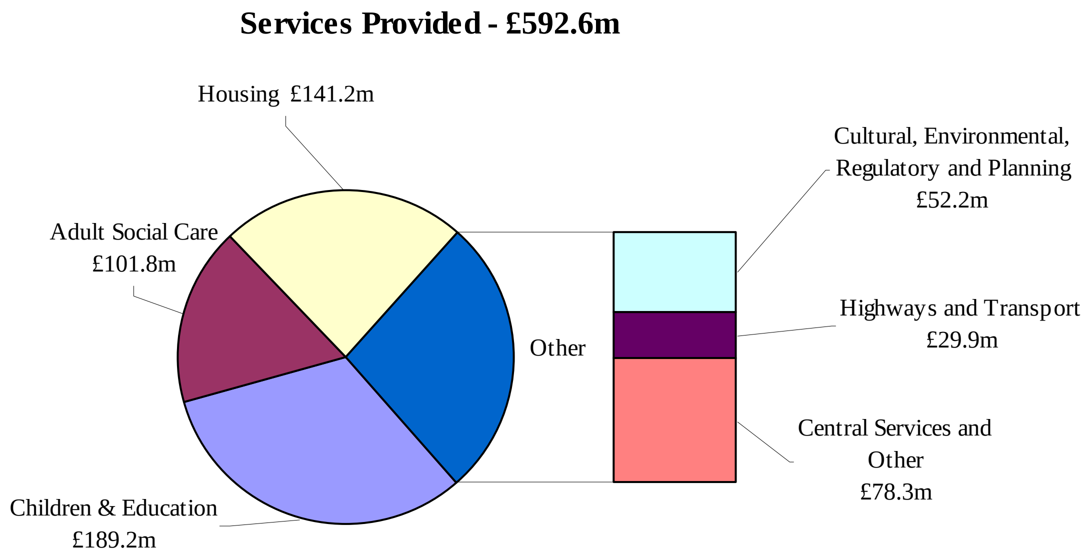
Revenue Summary

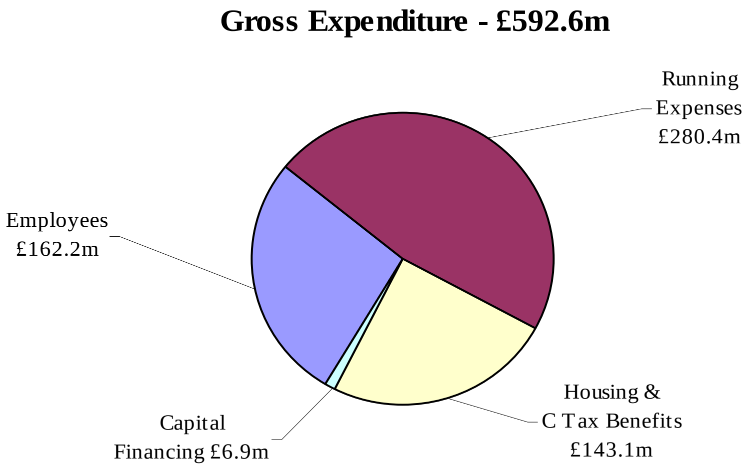
The 2012/13 outturn shows a net increase in balances of £10.63m which represents a variation of 5.17% compared with the final approved budget of £205.54 million. This consists of net underspends of (£7.77m) on services and central items, requested carry forwards into 2013/14 of (£0.89m) and prior year adjustments of (£1.97m). This is partly offset by a sum of £1.55m for carry forwards funded from unspent budget provision in 2011/12. Following Executive approval, additional funding of £20.69m towards the Economic Development and Investment Fund was met from a corresponding reduction in general reserves resulting in an overall net reduction in balances of £11.61m.

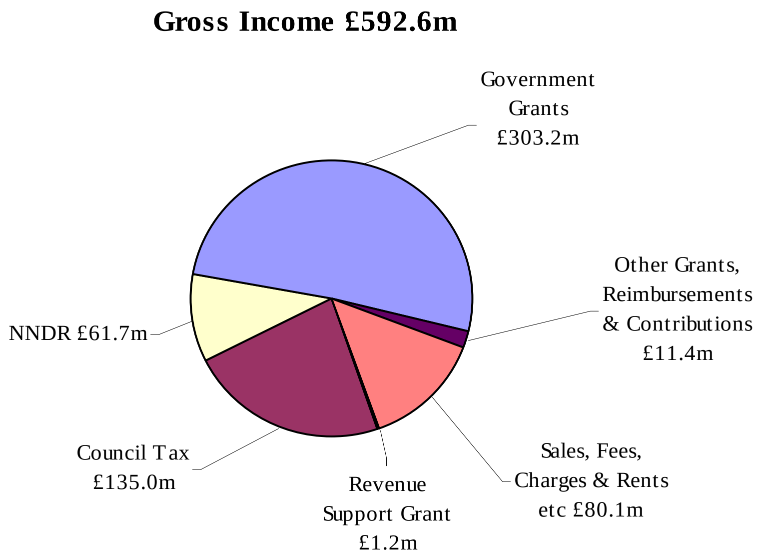
Earmarked Reserves increased by £32.8m (excluding balances held by schools and the insurance fund) mainly as a result of an overall contribution to the 'Economic Development & Investment Fund' of £31.1m, offset by transfers into the fund from other reserves totalling £10.4m (net increase £20.7m). Further increases resulted from new reserves of £4.5m for the 'Infrastructure Investment Fund' and £2.5m for 'Health and Social Care – Promise Programme'.

The final movement on General Fund Balances was a reduction of £11.6m compared with the 2012/13 final approved budget assumptions.

Further details of the variations in 2012/13 were reported to the Council's Executive on the 12th June 2013 and are available through http://sharepoint.bromley.gov.uk/default.aspx. The overall pattern of the Council's total income and expenditure is summarised in the graphs on page 4.


Services Provided - £592.6m
Housing £141.2m
Adult Social Care £101.8m
Children & Education £189.2m
Other
Cultural, Environmental, Regulatory and Planning £52.2m
Highways and Transport £29.9m
Central Services and Other £78.3m


Gross Expenditure - £592.6m
Running Expenses £280.4m
Employees £162.2m
Capital Financing £6.9m
Housing & C Tax Benefits £143.1m


Gross Income £592.6m
Government Grants £303.2m
Other Grants, Reimbursements & Contributions £11.4m
NNDR £61.7m
Council Tax £135.0m
Revenue Support Grant £1.2m
Sales, Fees, Charges & Rents etc £80.1m

Capital Summary

Capital expenditure totalled £28.4m compared with the final approved estimate of £34.3m, the difference being mainly due to slippage of expenditure into 2013/14. Capital expenditure was fully financed from Government grants and other external contributions, revenue contributions and capital receipts, without recourse to general reserves. Further details of capital financing are shown in the notes to the accounts (note 41).

The Council generated new capital receipts of £2.4m in 2012/13 and, during the year, £4.6m of receipts were applied to finance capital expenditure.

Further information can be found in the Capital Programme Outturn report to the Executive on 12th June 2013 which is available through http://sharepoint.bromley.gov.uk/default.aspx.

Investments

At the year end, the Council held significant investments totalling £201.6m (principal sum). These investments generated net income (£2.7m in 2012/13 compared to £3.2m in 2011/12) to support the revenue budget. This resulted in a small deficit on interest on balances (total outturn of £2.673m against a budget of £2.691m. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2012/13, the net assets of the Pension Fund increased by £82.5m (16.4%).

The underlying assets and liabilities of the Fund for retirement benefits earned by Bromley employees past and present are recognised on the Council's Balance Sheet as a net liability (see note 46). This liability has a significant negative effect on the net worth of the Council. However, the Council plans that the deficit on the scheme will be made good by increased employer contributions over a 12 year period from 1st April 2011.

Significant Provisions, Contingencies and Material Write Offs

The annual revaluations carried out in respect of the Council's long-term Property, Plant & Equipment, Investment Properties and current Held for Sale assets identified impairment losses of £49.9m and the balance sheet has been reduced accordingly. There were no material revenue or capital write offs during 2012/13.

Material Events after the Balance Sheet Date

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

Impact of the Current Economic Climate on the Council

The latest economic position (national and international) continues to be of concern and impacts on the Council's finances. There have been increasing demands on various services to reflect the current economic climate which includes, for example, requests for housing, increased applications for council tax and housing benefits as well as additional demands on various other services. The current economic climate will also have a negative impact on the Council's income levels.

Interest rates remain low which results in lower investment income for the Council – the deleveraging of banks, quantitative easing and 'funding for lending' have resulted in a reduction in interest earnings.

The Government have indicated that funding from central Government will continue to be reduced up to 2018/19 and beyond. There remains the need to take action, particularly during this period of austerity, to address the medium term financial position of the Council. Such measures, to ensure sustainable finances, are reported to the Executive during the year as part of the update on the Council's financial strategy.

Peter Turner
Director of Finance

Further Information
Further Information about the accounts is available from:

Chief Accountant
Technical and Control
Bromley Council
Civic Centre
Stockwell Close
Bromley, BR1 3UH

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

AUDITORS' REPORT

Independent auditors' report to the Members of London Borough of Bromley

Report on Statement of Accounts

We have audited the statement of accounts of London Borough of Bromley for the year ended 31 March 2013 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet as at the end of the period, the Cash Flow Statement, the Collection Fund, and the related notes. The financial reporting framework that has been applied in its preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the CIPFA Service Reporting Code of Practice 2012/13.

Respective responsibilities of the Director of Finance and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the Director of Finance is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the CIPFA Service Reporting Code of Practice 2012/13. Our responsibility is to audit and express an opinion on the statement of accounts in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the statement of accounts

An audit involves obtaining evidence about the amounts and disclosures in the statement of accounts sufficient to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the statement of accounts. In addition, we read all the financial and non-financial information in the explanatory foreword and the Annual Report to identify material inconsistencies with the audited statement of accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on statement of accounts

In our opinion the statement of accounts:

- gives a true and fair view of the state of the Authority's affairs as at 31 March 2013 and of the Authority's income and expenditure and cash flows for the year then ended; and
- has been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the CIPFA Service Reporting Code of Practice 2012/13.

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the statement of accounts is prepared is consistent with the statement of accounts.

Matters on which we are required to report by exception

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

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

AUDITORS' REPORT

Report on the pension fund accounts

We have audited the pension fund accounting statements contained within the Statement of Accounts of the London Borough of Bromley for the year ended 31 March 2013 which comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Respective responsibilities of the Director of Finance and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the Director of Finance is responsible for the preparation of the pension fund accounting statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. Our responsibility is to audit and express an opinion on the pension fund accounting statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the pension fund accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the pension fund accounting statements sufficient to give reasonable assurance that the pension fund accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the pension fund accounting statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited pension fund accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund accounting statements

In our opinion the pension fund accounting statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2013, and the amount and disposition of the fund's assets and liabilities as at 31 March 2013; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

AUDITORS' REPORT

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the pension fund accounting statements are prepared is consistent with the pension fund accounting statements.

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

Authority's responsibilities

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

Auditors' responsibilities

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

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

Scope of the review of the arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, the London Borough of Bromley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

AUDITORS' REPORT

Certificate

We certify that we have completed the audit of the statement of accounts of the London Borough of Bromley and of the pension fund accounting statements of the London Borough of Bromley Pension Fund in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Janet Dawson
For and on behalf of PricewaterhouseCoopers LLP
Appointed auditors
London
September 2013

The maintenance and integrity of the London Borough of Bromley's website is the responsibility of the Authority; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the statement of accounts since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the statement of accounts may differ from legislation in other jurisdictions.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

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

The Director of Finance's Responsibilities

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

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

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

The Director of Finance has also:

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

Director of Finance

I certify that the accounts set out on pages 14 to 102 give a true and fair view of the financial position of the Authority as at 31st March 2013 and of its income and expenditure for the year ended 31st March 2013.

P. Turner

Peter Turner
Director of Finance
25th September 2013

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31 March 2011	**53,781**	**25,025**	**17,943**	**29,445**	**126,194**	**767,428**	**893,622**	
Movement in Reserves during 2011/12								
Deficit on the provision of services	(99,826)	-	-	-	**(99,826)**	-	**(99,826)**	
Other Comprehensive Income and Expenditure	-	-	-	-	-	(77,835)	**(77,835)**	
Total Comprehensive Income and Expenditure	**(99,826)**	-	-	-	**(99,826)**	**(77,835)**	**(177,661)**	
Adjustments between accounting basis & funding basis under regulations	105,043	-	(3,941)	(13,439)	**87,663**	(87,663)	-	7
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**5,217**	-	**(3,941)**	**(13,439)**	**(12,163)**	**(165,498)**	**(177,661)**	
Transfers to Earmarked Reserves	(27,389)	27,389	-	-	-	-	-	8
Increase / (Decrease) in 2011/12	**(22,172)**	**27,389**	**(3,941)**	**(13,439)**	**(12,163)**	**(165,498)**	**(177,661)**	
Balance at 31 March 2012	**31,609**	**52,414**	**14,002**	**16,006**	**114,031**	**601,930**	**715,961**	

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance at 31 March 2012	**31,609**	**52,414**	**14,002**	**16,006**	**114,031**	**601,930**	**715,961**	
Movement in Reserves during 2012/13								
Deficit on the provision of services	(35,346)	-	-	-	**(35,346)**	-	**(35,346)**	
Other Comprehensive Income and Expenditure	-	-	-	-	-	(20,010)	**(20,010)**	
Total Comprehensive Income and Expenditure	**(35,346)**	-	-	-	**(35,346)**	**(20,010)**	**(55,356)**	
Adjustments between accounting basis & funding basis under regulations	56,541	-	(2,206)	193	**54,528**	(54,528)	-	7
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**21,195**	-	**(2,206)**	**193**	**19,182**	**(74,538)**	**(55,356)**	
Transfers to Earmarked Reserves	(32,804)	32,804	-	-	-	-	-	8
Increase / (Decrease) in 2012/13	**(11,609)**	**32,804**	**(2,206)**	**193**	**19,182**	**(74,538)**	**(55,356)**	
Balance at 31 March 2013	**20,000**	**85,218**	**11,796**	**16,199**	**133,213**	**527,392**	**660,605**	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2011/12 Gross Expenditure	2011/12 Gross Income	2011/12 Net Expenditure		Notes	2012/13 Gross Expenditure	2012/13 Gross Income	2012/13 Net Expenditure
£000	**£000**	**£000**			**£000**	**£000**	**£000**
24,042	(22,057)	1,985	Central Services to the Public		24,620	(22,407)	2,213
22,587	(2,612)	19,975	Cultural and Related Services		39,118	(2,221)	36,897
32,833	(5,233)	27,600	Environmental and Regulatory Services		31,352	(5,172)	26,180
5,840	(2,000)	3,840	Planning Services		5,516	(2,267)	3,249
268,122	(207,244)	60,878	Children's and Education Services		207,327	(165,800)	41,527
36,564	(13,401)	23,163	Highways and Transport Services		35,406	(14,604)	20,802
132,806	(121,358)	11,448	Housing Services		142,178	(131,587)	10,591
109,477	(35,774)	73,703	Adult Social Care		102,355	(33,197)	69,158
6,776	-	6,776	Corporate and Democratic Core		5,882	-	5,882
(7,691)	-	(7,691)	Non Distributed Costs		(823)	-	(823)
631,356	**(409,679)**	**221,677**	**Cost of Services**		**592,931**	**(377,255)**	**215,676**
98,043	(3,286)	94,757	Other Operating Expenditure	9	24,152	(499)	23,653
32,403	(36,674)	(4,271)	Financing and Investment Income and Expenditure	10	36,237	(29,651)	6,586
-	(212,337)	(212,337)	Taxation and Non-Specific Grant Income	11	-	(210,569)	(210,569)
761,802	**(661,976)**	**99,826**	**Deficit on Provision of Services**		**653,320**	**(617,974)**	**35,346**
		(18,362)	Surplus on Revaluation of Property, Plant & Equipment Assets	26			(5,100)
		8,648	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve	26			24,094
		87,549	Actuarial Losses on Pension Assets/Liabilities	46			1,016
		77,835	**Other Comprehensive Income and Expenditure**				**20,010**
		177,661	**Total Comprehensive Income and Expenditure**				**55,356**

BALANCE SHEET

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

31st March 2012 £000		Notes	31st March 2013 £000
785,690	Property, Plant and Equipment	**12**	718,947
1,017	Heritage Assets	**13**	1,017
60,223	Investment Property	**14**	61,422
10,011	Long Term Investments	**15**	25,010
2,977	Long Term Debtors	**15**	2,747
859,918	**Long Term Assets**		**809,143**
144,417	Short Term Investments	**15**	143,712
9,080	Assets Held for Sale (<1yr)	**16**	7,189
736	Inventories	**17**	656
23,970	Short Term Debtors	**19**	21,348
21,513	Cash and Cash Equivalents - Investments	**15**	33,690
199,716	**Current Assets**		**206,595**
6,319	Cash and Cash Equivalents	**20**	6,664
2,154	Short Term Borrowing	**21**	177
7,917	Provisions	**22**	8,125
65,497	Short Term Creditors	**23**	64,836
4,374	Grants Receipts in Advance - Revenue	**38**	7,042
3,690	Grants Receipts in Advance - Capital	**38**	5,869
89,951	**Current Liabilities**		**92,713**
253,722	Other Long Term Liabilities	**24**	262,420
253,722	**Long Term Liabilities**		**262,420**
715,961	**Net Assets**		**660,605**
114,031	Usable Reserves	**25**	133,213
601,930	Unusable Reserves	**26**	527,392
715,961	**Total Reserves**		**660,605**

CASH FLOW STATEMENT

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

2011/12		Notes	2012/13
£000			**£000**
99,826	Net Deficit on the Provision of Services		35,346
(111,100)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements		(73,138)
25,542	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities		18,596
14,268	Net Cash Flows from Operating Activities	**27**	(19,196)
(17,425)	Investing Activities	**28**	12,789
(12,136)	Financing Activities	**29**	(5,425)
(15,293)	Net Increase in Cash and Cash Equivalents		(11,832)
99	Cash and Cash Equivalents at the Beginning of the Reporting Period		(15,194)
(15,194)	Cash and Cash Equivalents at the End of the Reporting Period	**20**	(27,026)

1 Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31st March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practices. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and is based on International Financial Reporting Standards. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

The Statement of Accounts has been prepared with reference to:

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

2 Accruals of Income and Expenditure

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

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

3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The cash equivalent figure shown on the Balance Sheet (£33.7m as at 31st March 2013) is the total value of cash investments in instant access AAA-rated Money Market Funds and other short-term accessible accounts.

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

1 Statement of Accounting Policies continued

4 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

6 Charges to Revenue for Non Current Assets

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

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

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

7 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination Benefits, payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or of an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1 Statement of Accounting Policies continued

7 Employee Benefits continued

Post Employment Benefits

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

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

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

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

Disclosures in relation to retirement benefits can be found in note 46.

The Local Government Pension Scheme

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields (in Bromley's case, the discount rate was based on the yields of AA rated corporate bonds of currency and term appropriate to the currency and term of the Fund's liabilities). In 2012/13, this discount rate was 4.3% (1.1% real) compared to 4.5% (1.4% real) in 2011/12. The lower the discount rate, the higher the value placed on liabilities and this factor contributed towards the increase (£8.5m) in the overall Council deficit between 31st March 2012 and 31st March 2013. Although the impact of such liability increases (alongside an increase due to a change in the allowance for future improvements in longevity) was offset to a large extent by the impact of actual investment returns over the year.

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

The change in the net pensions liability is analysed into 7 components:

- current service cost (the increase in liabilities as a result of years of service earned this year) - allocated in the Comprehensive Income and Expenditure Statement to the services for which employees worked.
- past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- interest cost (the expected increase in the present value of liabilities during the year as they move one year closer to being paid) - debited to Net Operating Expenditure (Financing and Investment Income and Expenditure) in the Comprehensive Income and Expenditure Statement.

1 Statement of Accounting Policies continued

7 Employee Benefits continued

- expected return on assets (the annual investment return on fund assets attributable to the Council, based on an average of the expected long-term return) - credited to Net Operating Expenditure (Financing and Investment Income and Expenditure) in the Comprehensive Income and Expenditure Statement.

- gains/losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of employee benefits) - debited or credited as part of Non-Distributed Costs to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

- contributions paid to the Pension Fund (cash paid as employer contributions).

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

Discretionary Benefits

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

8 Events After the Balance Sheet Date

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

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

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

9 Financial Liabilities

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

Currently the Council has no borrowings as such, but has identified a number of contractual arrangements that contain finance leases in respect of vehicles and plant. Details of these are provided in note 42.

1 Statement of Accounting Policies continued

10 Financial Assets

The Council has no available for sale assets under this classification and all financial assets are classified as loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.

Loans and Receivables

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

However, the Council has made a number of loans at less than market rates (soft loans), for example car and season ticket loans to employees or deferred payment agreements for social services clients. The Code of Practice requires that when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. The impact on the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. The Council has a record of all soft loans issued and, having calculated the value, has not applied this policy as the amounts involved would not create a material difference in the accounts.

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

11 Government Grants and Contributions

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

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

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

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

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

1 Statement of Accounting Policies continued

12 Heritage Assets

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

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

The Council has identified assets and valuations where possible, but, in some cases, it has not been possible to carry out or obtain valuations for a number of heritage assets. The Code permits non-disclosure of heritage assets in the financial statements where it would not be practicable to obtain a valuation for the assets at a cost that would be commensurate with the benefits to users of the financial statements. The Council has taken the view that it would not be practicable to obtain valuations of its war memorials and a number of other assets and they are not, therefore, recognised on the Balance Sheet. Further details are included in Note 50.

The Authority’s heritage assets included on the Balance Sheet mainly comprise civic regalia and Bromley Museum art collections and are shown in more detail in Note 50. The items have indeterminate lives and are not, therefore, depreciated. They are also valued infrequently, due to their relatively low value in relation to the Authority's overall asset base and the high cost of valuing a diverse set of assets without comparative values.

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

13 Inventories

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

14 Investment properties

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

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

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

1 Statement of Accounting Policies continued

15 Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

As at 31st March 2013, the Authority holds no finance leases as lessor.

Operating Leases

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

1 Statement of Accounting Policies continued

16 Overheads and Support Services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

17 Property, Plant and Equipment

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

Recognition

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

Measurement

The freehold and leasehold properties that comprise the Council's property portfolio are revalued on the basis required by the Code (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at December 2012 under the responsibility of Heather Hosking BSc FRICS, Head of Strategic Property.

Assets are initially measured at cost, comprising:

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

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

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

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

1 Statement of Accounting Policies continued

17 Property, Plant and Equipment continued

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following basis:

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

1 Statement of Accounting Policies continued

17 Property, Plant and Equipment continued

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

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

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use and when that sale is likely to be completed within one year of the Balance Sheet date, it is reclassified as an Asset held for Sale.
The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised in the Surplus or Deficit on Provision of Services up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

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

1 Statement of Accounting Policies continued

18 Private Finance Initiative and Similar Contracts

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

The Council has not entered into any PFI schemes but it has entered into a service concession arrangement, which grants to another company or organisation the right to provide services on behalf of the Council, using infrastructure assets owned by the Council or the contractor. Further details of this are provided in note 43.

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

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

19 Provisions

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

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

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

Details of all provisions are set out in Note 22.

20 Contingent Liabilities

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

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

21 Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (Note 48) where it is probable that there will be an inflow of economic benefits or service potential.

1 Statement of Accounting Policies continued

22 Reserves

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

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

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

Reserves are reported in two categories - Usable and Unusable.

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

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

23 Revenue Expenditure Funded from Capital under Statute

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

24 Value Added Tax

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

25 Carbon Reduction Commitment Allowances

Accounting for the costs of the Carbon Reduction Commitment Scheme

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions (i.e. carbon dioxide produced as energy is used). As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

1 Statement of Accounting Policies continued

26 Accounting for Council Tax

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

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

27 Accounting for NNDR

The collection of National Non-Domestic Rates (NNDR) is carried out by authorities as an agent activity on behalf of central government and is accounted for accordingly.

The Council will continue to maintain balances for NNDR arrears, impairment allowances, prepayments and overpayments in its underling accounting records. However, for the final accounts purposes, the balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The figure will normally be a substantial debtor, representing the cash paid over to the pool that has yet to be collected from ratepayers.

28 Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

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

1 2011 amendments to IAS 19 Employment Benefits

The adoption of the 2011 amendments to IAS 19 Employee Benefits by the Code results in a change of accounting policy that requires the Council to disclose in the 2012/13 financial statements Actuarial estimates of the impact of the new IAS disclosure information.

The new classes of components of defined benefit cost to be recognised in the financial statements are 'net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)' and, where this is a material impact, new definitions or recognition criteria for service costs and new recognition for termination benefits.

There is no effect on the balance sheet of adopting the amendments to IAS 19 and the impact in the components of pension costs recognised in the Comprehensive Income & Expenditure account results in a increase of £3.5m, a movement from £25m to £28.5m, under the policy amendment. The impact in the statement of other comprehensive income is a reduction of £3.5m, a movement from £1m to Cr £2.5m.

The full adoption of this change in accounting policy is not required until 1st April 2013.

2 2011 amendment to IAS 1 Presentation of Financial Statements

The adoption of the 2011 amendment to IAS 1 Presentation of Financial Statements by the Code results in a change of accounting policy that requires the Council, if they have any gains or losses reclassifiable into the Surplus or Deficit on the Provision of Services, where material to explain the new reclassifiable and non-reclassifiable groupings of the sections of the Comprehensive Income & Expenditure Statement.

The full adoption of this change in accounting policy is not required until 1st April 2013.

This is a presentational issue only which will not impact on any of the reported amounts in the Comprehensive Income and Expenditure Statement.

3 IFRS 7 Financial Instruments: Disclosures (offsetting financial assets and liabilities)

The adoption of the IFRS 7 Financial Instruments: Disclosures requires the Council, where material, to disclose all recognised financial instruments that are set off.

A financial asset and a financial liability shall be offset and the net amount presented in the Balance Sheet when the Council currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

The full adoption of this change in accounting policy is not required until 1st April 2013.

The adoption of the amendments to IFRS 7 Financial Instruments: Disclosures in the Code is not a change of accounting policy that will require the publication of a Balance Sheet as at the beginning of the earliest comparative period (i.e. a third Balance Sheet) in the 2013/14 financial statements.

3 *Critical Judgements in Applying Accounting Policies*

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

The critical judgements made in the Statement of Accounts are:

a) There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities or reduce levels of service provision.

b) There is a potential breach of contract claim from a social care contractor which has not yet led to proceedings being issued. The Authority repudiates any liability and no provision for potential damages has been made in relation to the claim.

c) A review in 2010/11 of significant contractual arrangements identified finance leases embedded within some of those contracts. This resulted in some Vehicles and Plant being brought on Balance Sheet from 1st April 2009 (restated in the 2010/11 financial statements). The most significant of these was on the contract for Refuse Collection, which was identified as a Service Concession. The vehicles used by the contractor are now included on the Balance Sheet under Property, Plant and Equipment. The value of these finance leases at 31st March 2013 was £3,837k.

d) In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2013, a total of £3,931k had been received from the administrator (77.28% of the Council's total claim of £5,087k). The administrator's latest estimate is for a recovery of between 86% and 90% of the claim sum, unchanged from the estimate as at 31st March 2012. In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, in 2011/12, a part-reversal of £730k was included. This reduced the balance of the provision for potential loss to £610k (12% of the Council's total claim). No adjustment was made in 2012/13.

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

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

The items in the Authority’s Balance Sheet at 31 March 2013 for which there is a risk of adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

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

Effect if Actual Results Differ
If the useful life of the assets is reduced, depreciation increases and the carrying amount of the asset falls.

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

Pensions Liability

Uncertainties

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

Effect if Actual Results Differ

The effects on the net pensions liability of changes in individual assumptions can be significant. For instance, in 2010, the Government announced that pension increase orders would in future be linked to CPI rather than RPI. CPI is lower (2.7% assumed) than RPI (3.9% assumed) and this had the effect of reducing the Fund's net liability by £60m in 2010/11. Conversely, in 2011/12, the Fund's net liability increased by some £82m because a) actual investment returns in the year (2.2%) were lower than the actuary's assumption (6.6%), which caused asset values to reduce and b) the discount rate (corporate bond yield) used by the actuary to value the Fund's liabilities reduced from the original assumption of 5.5% to 4.6%, which caused liability values to go up. In 2012/13 the Council's net liability increased by £8.5m primarily due to the interest emerging on the net liability figure of £251m as at 31st March 2012. Although there were significant increases in liability values over the year primarily as a result of a fall in the discount rate from 4.5% p.a. to 4.3% p.a. and a change to the allowance for future improvements in longevity, the impact of such increases on the net liability figure was offset to a large extent by the impact of actual investment returns over the year (13.7%) which were higher than the actuary's assumption (5.2%).
The impact in future years will be assessed by the Council's actuary in subsequent IAS 19 reports.

Arrears

Uncertainties

At 31 March 2013, the Authority had a balance of sundry debtors of £6,613k. A review of the category, age and status of these debts suggested than an impairment of doubtful debts of 16.9% (£1,119k) was appropriate. However, in the current economic climate, it is not certain that such an allowance would be sufficient.

Effect if Actual Results Differ

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

5 Exceptional Items

Loss Recognised on Disposals of Long-Term Assets

Two of the Council’s Primary Schools became academies during 2012/13 (10 in 2011/12), as a result of which their Property, Plant & Equipment values, totalling £22.6m (£96.3m in 2011/12), have been removed from the balance sheet. This has been treated as a loss on disposal in these accounts, as the Council has effectively disposed of the schools for no receipt. In accordance with the accounting requirements of the Code, a debit of £22.6m has been posted in 2012/13 to Other Operating Expenditure and Income in the Comprehensive Income & Expenditure Account (see Note 9), with a corresponding reduction to long-term assets (property, plant & equipment - see Note 12).
Accumulated revaluation gains of £6.6m (£23.5m in 2011/12) have been transferred from the Revaluation Reserve to the Capital Adjustment Account (both included in figures in Note 26) and, in order to ensure that the total “loss” does not impact on the General Fund, the debit of £22.6m has been reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director Finance on 25th September 2013. Events taking place after this date are not reflected in the financial statements or notes. The financial statements and notes have not been adjusted for the following event which took place after 31 March 2013 as it provides information that is relevant to an understanding of the financial position but does not relate to conditions at that date:

The next full valuation of the Pension Fund, as at 31st March 2013, is taking place during 2013/14 and the results are expected to be known later in 2013. This will set revised employer contribution rates and a new deficit recovery period with effect from 1st April 2014.

7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Reserve

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

7 Adjustments between Accounting Basis and Funding Basis under Regulations continued

2012/13	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive I&E Statement:				
Depreciation and impairment of non-current assets	(34,455)	-	-	34,455
Movements in market value of investment properties	(2,588)	-	-	2,588
Capital grants & contributions applied	16,046	-	-	(16,046)
Revenue expenditure funded from capital under statute	(15,962)	-	-	15,962
Non current assets written off on disposal or sale	(24,881)	-	-	24,881
Insertion of items not debited or credited to the Comprehensive I & E Statement:				
Statutory provision for capital financing	1,481	-	-	(1,481)
Capital expenditure charged against the General Fund	6,927	-	-	(6,927)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants unapplied credited to the CI&E Statement	301	-	(301)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	108	(108)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the CI&E Statement	2,249	(2,249)	-	-
Use of Capital Receipts Reserve to finance capital expenditure	-	4,636	-	(4,636)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(6)	6	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(187)	-	187
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited to the CI&E Statement	466	-	-	(466)
Adjustments primarily involving the Pensions Reserve:				
Reversal of retirement benefits debited or credited to the CI&E Statement **(see note 46)**	(24,979)	-	-	24,979
Employer's pension contributions and direct payments to pensioners payable in the year	17,534	-	-	(17,534)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	907	-	-	(907)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	419	-	-	(419)
Total Adjustments	**(56,541)**	**2,206**	**(193)**	**54,528**

7 *Adjustments between Accounting Basis and Funding Basis under Regulations continued*

2011/12 Comparative Figures	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive I&E Statement:				
Depreciation and impairment of non-current assets	(18,835)	-	-	18,835
Movements in market value of investment properties	3,112	-	-	(3,112)
Capital grants & contributions applied	15,376	-	-	(15,376)
Revenue expenditure funded from capital under statute	(36,696)	-	-	36,696
Non current assets written off on disposal or sale	(96,636)	-	-	96,636
Insertion of items not debited or credited to the Comprehensive I & E Statement:				
Statutory provision for capital financing	4,542	-	-	(4,542)
Capital expenditure charged against the General Fund	3,527	-	-	(3,527)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants unapplied credited to the CI&E Statement	9,834	-	(9,834)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	23,273	(23,273)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the CI&E Statement	332	(332)	-	-
Use of Capital Receipts Reserve to finance capital expenditure	-	4,705	-	(4,705)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(12)	12	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(444)	-	444
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited to the CI&E Statement	126	-	-	(126)
Adjustments primarily involving the Pensions Reserve:				
Reversal of retirement benefits debited or credited to the CI&E Statement **(see note 46)**	(11,841)	-	-	11,841
Employer's pension contributions and direct payments to pensioners payable in the year	17,690	-	-	(17,690)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,805	-	-	(1,805)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	2,633	-	-	(2,633)
Total Adjustments	**(105,043)**	**3,941**	**13,439**	**87,663**

8 *Transfers to/from Earmarked Reserves*

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2011/12 and 2012/13.

2012/13	**Balance at 31 March 2012 £000**	**Transfers Out 2012/13 £000**	**Transfers In 2012/13 £000**	**Balance at 31 March 2013 £000**
Balances Held by Schools under a Scheme of Delegation	6,513	1,591	1,510	6,432
Insurance Fund	2,965	605	662	3,022
LPSA Reward Grant Investment Fund	855	554	-	301
LAA Reward Grant Investment Fund	1,537	707	-	830
Technology Fund	1,763	-	23	1,786
Street Services Reinstatement Fund	483	-	-	483
Reserve for Potential Redundancy Costs	2,770	2,270	597	1,097
Public Halls Fund	13	1	-	12
Town Centre Improvement Fund	66	-	-	66
Ex Glaxo Land Maintenance	194	7	2	189
Building a Better Bromley Initiatives	83	-	-	83
General Members Priorities	15	15	-	-
Prevent Funding	92	46	-	46
Building Control Charging Account	7	7	22	22
Grant Related Expenditure	720	392	742	1,070
Investment to Community Fund	225	67	250	408
Works to Property	100	-	-	100
Economic Development and Investment Fund	10,000	3,787	31,106	37,319
Invest to Save	13,920	3	3,384	17,301
Health & Social Care Initiatives	4,995	-	-	4,995
Bromley Welcare	200	96	-	104
Diamond Jubilee Reserve	100	100	-	-
One-off Member Initiatives	2,620	1,092	-	1,528
Interest Rate Risk Reserve	1,185	-	-	1,185
New Homes Bonus	993	3,019	2,026	-
Infrastructure Investment Fund	-	2,463	4,463	2,000
Provision for Impact of Recession	-	-	1,500	1,500
Commissioning Authority Programme	-	96	300	204
Health & Social Care Initiatives - Promise Programme	-	-	2,500	2,500
Housing Strategy Trading Account	-	-	50	50
Community Right to Bid & Challenge	-	-	13	13
Glades Refurbishment	-	-	572	572
	52,414	**16,918**	**49,722**	**85,218**

8 *Transfers to/from Earmarked Reserves continued*

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010/11 and 2011/12.

2011/12	Balance at 31 March 2011 £000	Transfers Out 2011/12 £000	Transfers In 2011/12 £000	Balance at 31 March 2012 £000
Balances Held by Schools under a Scheme of Delegation	12,364	12,044	6,193	6,513
Insurance Fund	3,159	1,266	1,072	2,965
LPSA Reward Grant Investment Fund	1,996	1,141	-	855
LAA Reward Grant Investment Fund	1,642	105	-	1,537
Technology Fund	1,750	16	29	1,763
Street Services Reinstatement Fund	483	-	-	483
Reserve for Potential Redundancy Costs	936	1,870	3,704	2,770
Public Halls Fund	13	-	-	13
Town Centre Improvement Fund	803	737	-	66
Ex Glaxo Land Maintenance	197	6	3	194
Building a Better Bromley Initiatives	83	-	-	83
General Members Priorities	177	162	-	15
Prevent Funding	138	46	-	92
Building Control Charging Account	75	75	7	7
Grant Related Expenditure	884	581	417	720
Investment to Community Fund	225	-	-	225
Works to Property	100	-	-	100
Economic Development and Investment Fund	-	-	10,000	10,000
Invest to Save	-	220	14,140	13,920
Health & Social Care Initiatives	-	-	4,995	4,995
Bromley Welcare	-	-	200	200
Diamond Jubilee Reserve	-	-	100	100
One-off Member Initiatives	-	-	2,620	2,620
Interest Rate Risk Reserve	-	-	1,185	1,185
New Homes Bonus	-	-	993	993
	25,025	**18,269**	**45,658**	**52,414**

- Balances Held by Schools under a Scheme of Delegation - school balances represent sums delegated to schools in accordance with the Education Reform Act 1988 which had not been spent at 31st March. Any underspending on the budget of the school remains at the disposal of the school to spend in future financial years.

- Insurance Fund - provides for the self-insurance of all losses up to a maximum in any year of £600k for material damage claims and £1,275k for Employers and Public Liability claims. External insurers are used to provide for losses in excess of these sums. In 2012/13 claims and other expenditure of £605k were met from the fund.

- Local Public Service Agreement (LPSA) Reward Grant - relates to Reward Grant received in 2005/06 and 2006/07 as a result of achievement of performance targets in LPSA1. In 2012/13, £336k was spent on revenue expenditure, and £218k was transferred to the earmarked reserve for Economic Development and Investment.

8 Transfers to/from Earmarked Reserves continued

- LAA Reward Grant - in 2010/11, the Council received £2,344k reward grant from the Government as a result of the achievement of performance targets in our Local Area Agreement. £540k of the grant was used to fund a capital scheme in 2010/11, with the remaining £1,804k taken to the revenue reserve. In 2012/13, a total of £105k was spent on one-off initiatives supporting the Council's priorities and £602k was transferred to the earmarked reserve for Economic Development & Investment.

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

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

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

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

- Town Centre Improvement Fund - the Council has received funding through the Local Authority Business Growth Incentive Scheme which has been set aside to provide a contribution to the Town Centre Development Fund. A sum of £1,022k was ringfenced to contribute towards the costs associated with the relocation of Orpington Library. The balance is available for expenditure related to the development and sustainability of town centres.

- Ex Glaxo Land Maintenance - an endowment has been received for future maintenance of land conveyed to the London Borough of Bromley.

- Building a Better Bromley Initiatives - funding received by the Authority through the Local Authority Business Growth Incentive Scheme which has been set aside for one-off spending initiatives.

- General Members Priorities - provision set aside to deal with Member priorities relating to environmental initiatives.

- Prevent Funding - an extended 3 year mentoring scheme for young people assessed as being at risk of developing criminal or anti-social behaviour. It is for the recruitment, matching and management of volunteer mentors for young people within the Borough.

- Building Control Charging Account - to account for surpluses and funding of deficits to be offset against future charges in accordance with Bromley's Building Regulations Charging Scheme.

- Grant Related Expenditure - established to account for the carry forward of underspends of grant related expenditure where there are no conditions attached to the associated grant income.

- Investment to Community Fund - set up in 2009/10 to provide investment to the community and voluntary sector as determined by Members.

- Works to Property - a fund set aside to meet potential unrecoverable costs associated with works to a property.

- Economic Development & Investment Fund - a fund established to maximise economic growth which will include investment opportunities and undertaking key infrastructure improvements. A key strand of the Council's financial strategy relates to economic development and generating income. The fund will provide key regeneration opportunities whilst also being utilised to provide a long term alternative income stream.

8 Transfers to/from Earmarked Reserves continued

- Invest to Save - a fund established in 2011/12 to support invest to save initiatives with any savings taking into account an element for repaying the fund whilst generating further savings that can be factored into future years' budgets.

- Health & Social Care Initiatives - established from the setting aside of funding from the PCT to further the integration of health and social care services for children and adults across all client groups.

- Bromley Welcare - set aside to commission a time limited, step up/step down service as part of a managed funding strategy.

- Diamond Jubilee Reserve - a fund set aside to meet the costs associated with the celebrations of the Queen's diamond jubilee.

- One-off Member Initiatives - a fund set aside to be earmarked against Member priority initiatives to be delivered by the Executive or Portfolio Holders as appropriate.

- Interest Rate Risk Reserve - funding set aside to partly mitigate against the risk of further reductions in investment income in light of increasing uncertainty about future investment returns.

- New Homes Bonus - established to set aside the income received to support key community initiatives that do not require ongoing funding.

- Infrastructure Investment Fund - funding set aside to partly reduce the risk of reducing levels of property and equipment maintenance which could result in more costly longer term costs being incurred.

- Provision for Impact of the Recession - monies set aside as a provision for impact of the recession.

- Commissioning Authority Programme - monies set aside to finance work associated with transforming LBB into a commissioning-based organisation.

- Health & Social Care 'Promise Programme' - monies set aside of funding from the PCT for investment in further integration of health and social care initiatives and the 'Promise Programme'.

- Housing Strategy Trading Account - to account for surpluses and funding of deficits to be offset against future affordable housing charges.

- Community Right to Bid and Challenge - funding set aside to specifically meet the costs arising from administering the scheme and to nominate officers to assess the asset of the community value nominations and any compensation claims from owners,

- Glades Refurbishment - monies set aside for the refurbishment of the Glades Shopping Centre

9 *Other Operating Expenditure*

2011/12 £000		2012/13 £000
1,727	Levies	1,514
12	Payments to Government Housing Capital Receipts Pool	6
(3,252)	Other Income	(466)
(34)	Distribution of former LRB Balances	(33)
96,304	Losses on the Disposal of Non-Current Assets *	22,632
94,757	**Total**	**23,653**

* The charge of £96.3m in 2011/12 and £22.6m in 2012/13 relates to losses on property, plant and equipment assets as a result of the adoption of academy status by a number of primary schools. Further details are provided in the Exceptional Items note (Note 5).

10 *Financing and Investment Income and Expenditure*

2011/12 £000		2012/13 £000
818	Interest Payable and Similar Charges	643
4,018	Pensions Interest Cost and Expected Return on Pensions Assets	8,166
(4,283)	Interest Receivable and Similar Income	(2,955)
(4,824)	(Income)/Expenditure in Relation to Investment Properties and changes in their fair value	732
(4,271)	**Total**	**6,586**

11 *Taxation and Non Specific Grant Income*

2011/12 £000		2012/13 £000
(133,971)	Council Tax Income	(135,860)
(51,425)	Non-Domestic Rates Redistribution	(61,743)
(20,890)	Non-Ringfenced Government grants	(7,367)
(6,051)	Capital Grants and Contributions	(5,599)
(212,337)	**Total**	**(210,569)**

12 *Property, Plant and Equipment*

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Movements in 2012/13							
Cost or Valuation							
Balance at 1st April 2012	725,687	36,260	107,541	2,494	16,879	14,257	903,118
Additions	-	1,952	7,011	-	-	844	9,807
Revaluation increases recognised in Revaluation Reserve	2,704	-	-	-	18	-	2,722
Derecognition - disposals	(22,326)	(1,069)	-	-	-	-	(23,395)
Assets reclassified from Assets Held for Sale	(1,176)	-	-	-	2,800	-	1,624
As at 31st March 2013	704,889	37,143	114,552	2,494	19,697	15,101	893,876
Accumulated Depreciation & Impairment							
As at 1st April 2012	(78,217)	(4,923)	(27,223)	(960)	(6,105)	-	(117,428)
Depreciation charge	(7,190)	(1,543)	(2,934)	(83)	(11)	-	(11,761)
Impairment losses recognised in Revaluation Reserve	(23,719)	-	-	-	-	-	(23,719)
Impairment losses recognised in deficit on Provision of Services	(20,632)	(2,041)	-	-	-	-	(22,673)
Derecognition - disposals	652	-	-	-	-	-	652
As at 31st March 2013	(129,106)	(8,507)	(30,157)	(1,043)	(6,116)	-	(174,929)
Net Book Value							
As at 31st March 2013	575,783	28,636	84,395	1,451	13,581	15,101	718,947
As at 31st March 2012	647,470	31,337	80,318	1,534	10,774	14,257	785,690

12 Property, Plant and Equipment continued

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Movements in 2011/12							
Cost or Valuation							
Balance at 1st April 2011	818,139	39,332	101,424	2,494	15,937	10,251	987,577
Additions	-	1,110	6,117	-	-	4,006	11,233
Revaluation increases recognised in Revaluation Reserve	15,384	950	-	-	1,506	-	17,840
Derecognition - disposals	(94,015)	(5,132)	-	-	-	-	(99,147)
Assets reclassified to Assets Held for Sale and Investment Properties	(13,821)	-	-	-	(564)	-	(14,385)
As at 31st March 2012	725,687	36,260	107,541	2,494	16,879	14,257	903,118
Accumulated Depreciation & Impairment							
As at 1st April 2011	(60,209)	(4,054)	(24,412)	(877)	(3,575)	-	(93,127)
Depreciation charge	(7,421)	(1,477)	(2,811)	(83)	-	-	(11,792)
Impairment losses recognised in Revaluation Reserve	(6,178)	-	-	-	(2,170)	-	(8,348)
Impairment losses recognised in deficit on Provision of Services	(6,265)	-	-	-	(360)	-	(6,625)
Derecognition - disposals	1,856	608	-	-	-	-	2,464
As at 31st March 2012	(78,217)	(4,923)	(27,223)	(960)	(6,105)	-	(117,428)
Net Book Value							
As at 31st March 2012	647,470	31,337	80,318	1,534	10,774	14,257	785,690
As at 31st March 2011	757,930	35,278	77,012	1,617	12,362	10,251	894,450

12 Property, Plant and Equipment continued

(i) ***Depreciation***

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

Land is not depreciated.
Buildings – straight-line depreciation on remaining useful lives ranging from 2 to 97 years.
Community Assets - straight-line depreciation over 30 years.
Surplus Assets are not depreciated.
Vehicles, Plant, Furniture & Equipment – straight-line depreciation over 5 to 20 years down to residual value.
Infrastructure – straight-line depreciation over 30 to 40 years.

(ii) ***Capital Commitments***

At 31 March 2013, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years budgeted to cost £3.2m. This comprised a number of minor sums and only one significant commitment, £1.7m relating to the Langley Park Boys School scheme, which is now nearing completion. Commitments at 31 March 2012 totalled £11.4m (including £6.6m in respect of the same scheme).

(iii) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. In 2012/13, all valuations were carried out by Wilks, Head and Eve. Up to and including 2011/12, all valuations were carried out internally.
Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.
Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.
The methodology for estimating the fair values of Property, Plant and Equipment is set out in the Statement of Accounting Policies (policy 17).

	Land & Buildings £000	**Vehicles, Plant, Furniture & Equipment £000**	**Infra-structure Assets £000**	**Community Assets £000**	**Surplus Assets £000**	**Assets Under Construction £000**	**Total Property, Plant, & Equipment £000**
Carried at Historical Cost as at:							
31st March 2013	-	30,952	84,395	1,451	-	15,101	131,899
Valued at Fair Value as at:							
31st March 2013	(38,029)	(2,701)	-	-	2,836	-	(37,894)
31st March 2012	(52,087)	(3,941)	-	-	(577)	-	(56,605)
31st March 2011	275,042	4,326	-	-	5,673	-	285,041
31st March 2010 (restated)	67,650	-	-	-	980	-	68,630
31st March 2009 (restated)	323,207	-	-	-	4,669	-	327,876
Total Assets at Fair Value	575,783	(2,316)	-	-	13,581	-	587,048
Total Property, Plant & Equipment							
31st March 2013	**575,783**	**28,636**	**84,395**	**1,451**	**13,581**	**15,101**	**718,947**

12 Property, Plant and Equipment continued

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

	Number as at 31/3/12	Number as at 31/3/13	Range of estimated useful lives (Years)
Operational Buildings			
Civic Centre	1	1	52
Other Offices	4	4	43-46
Primary Schools	44	42	38-88
Special Schools/Units	5	5	39-88
Social Services - Homes & Day Centres	14	14	18-78
Crystal Palace National Sports Centre	1	1	n/a
Leisure Centres/Swimming Pools	7	7	41-98
Libraries	15	15	43-98
Golf Courses	3	3	16-24
Churchill Theatre	1	1	78
Cemetery chapels	6	6	1-68
Surface Car Parks	22	22	n/a
Multi-Storey Car Parks	4	4	4-52
Public Conveniences	19	18	41-89
Operational Equipment			
Vehicles & Plant			
- owned	20	22	0-15
- held under finance leases	130	115	3-7
Infrastructure Assets			
Road (kilometres)	886.1	886.0	15-40
Community Assets			
Parks and Open Spaces (hectares)	1,261	1,261	n/a
Surplus Properties	23	25	n/a
Investment Properties			
Agricultural Properties	16	16	n/a
Biggin Hill Airport	1	1	n/a
Other Investment Properties	170	171	n/a

13 Heritage Assets

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

	Mayoral Regalia £000	Art Works £000	Total Assets £000
Cost or Valuation			
1st April 2011	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2012	673	344	1,017
Cost or Valuation			
1st April 2012	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2013	673	344	1,017

Further details of Heritage Assets are provided in Note 50 and details of the accounting arrangements are provided in note 12 of the Statement of Accounting Policies.

14 Investment Property

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

2011/12 £000		2012/13 £000
(4,193)	Rental Income from Investment Property	(4,040)
2,481	Direct Operating Expenses arising from Investment Property	2,184
(1,712)	**Net gain**	**(1,856)**

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

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

2011/12 £000		2012/13 £000
49,119	Balance at Start of Year	60,223
-	Purchases	3,787
7,992	Reclassifications from PP&E assets	-
3,112	Net Gains/(Losses) from Fair Value Adjustments	(2,588)
60,223	**Balance at End of Year**	**61,422**

Lessee disclosures for investment properties held under operating leases are included in note 42. Details of the number of investment properties held are included in note 12.

15 *Financial Instruments*

Financial Assets

Financial assets are classified into two types:
- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available for sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Council has no available for sale assets in this context.

Loans and Receivables

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

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

Financial Assets

(a) Investments as at 31st March

2012 £000		**2013 £000**
	Long Term Investments (placed for longer than 1 year)	
	Loans and Receivables	
11	- Government Stock	10
10,000	- Banks	-
-	- Building Societies	-
-	- Local Authorities	25,000
10,011		25,010
	Short Term Investments (placed for less than 1 year)	
	Loans and Receivables	
133,635	- Banks	128,677
730	- Impairment adjustment re Icelandic Bank deposit	-
10,052	- Building Societies	10,010
-	- Local Authorities	5,025
144,417		143,712
	Cash and Cash Equivalents	
21,513	- Money Market Funds and other short-term liquid deposits	33,690
175,941		**202,412**

In accordance with the requirements of the Code, accruals for investment interest income due during the year but not received as at 31st March are included with short term investments in the Balance Sheet. The balances as at 31st March 2013 include a total principal sum of £201,636k and total accrued interest of £776k (£174,904k and £1,036k as at 31st March 2012). In 2008/09, the carrying value of investments was reduced by £1,640k in respect of impairment entries actioned in accordance with CIPFA LAAP Bulletin 82, "Guidance on the impairment of deposits with Icelandic Banks". Further updates to the Bulletin issued since then enabled the Council to reverse part of the impairment (£300k in 2009/10 and £730k in 2011/12), leaving the balance of the provision for potential loss at £610k. No further adjustment was made in 2012/13 and the revised impairment remains in line with the administrator's latest estimate of a recovery of between 86% and 90%. Further details are given in the disclosure note on credit risk (note 49).

15 Financial Instruments continued

(b) Gains / Losses on Loans and Receivables

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

2011/12 Financial Liabilities £000	2011/12 Loans & Receivables £000	2011/12 Total £000		2012/13 Financial Liabilities £000	2012/13 Loans & Receivables £000	2012/13 Total £000
-	(3,350)	(3,350)	Interest Income	-	(2,833)	(2,833)
-	**(3,350)**	**(3,350)**	**Net Gain for the year**	**-**	**(2,833)**	**(2,833)**

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

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

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

2012 £000		2013 £000
	Mortgages	
1,311	Loans to Housing Associations	1,311
43	Loans to Council House Purchasers	29
68	Loans to Private House Purchasers	58
1,422		1,398
	Others	
	Broomleigh Housing Association (Affinity Homes Group)	
	Property Transfer	
127	- Sale of Council Houses *	-
5	- Deferred Interest Earnings *	-
779	Loans for Miscellaneous Advances	868
29	Loans for Transferred Services	24
603	Loans to Schools	442
12	Loans to Private Street Work Frontagers	15
1,555		1,349
2,977		**2,747**

* Under the Housing Stock Transfer agreement concluded with Broomleigh Housing Association (Affinity Homes Group) in 1992, the Council receives a proportion of the income from the sale of Council Houses every three years. A debtor is included in the accounts until the money is actually received; a long-term debtor in the first two years and a short-term debtor in the final year. There was a total of 7 Council House sales in the 3 years 2010/11 to 2012/13, for which debtor provision of £593k and interest of £4k has been made. The next receipt is due in 2013/14 and, accordingly, the debtor appears as a short-term debtor in the 2012/13 accounts.

15 *Financial Instruments continued*

(d) Fair Value of Financial Assets and Liabilities

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

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

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

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

The fair values calculated are as follows:

	31st March 2012		**31st March 2013**	
	Carrying Amount **£000**	Fair Value **£000**	Carrying Amount **£000**	Fair Value **£000**
Investments less than 1 year	165,930	165,930	177,402	177,402
Investments greater than 1 year	10,011	10,311	25,010	24,953
Total Investments	**175,941**	**176,241**	**202,412**	**202,355**

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

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

16 *Assets Held for sale*

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

2011/12 £000		2012/13 £000
3,205	**Balance outstanding at start of year**	9,080
	Assets newly classified/(declassified) as held for sale:	
6,393	Property, Plant and Equipment	(1,624)
(718)	Revaluation losses	(396)
521	Revaluation gains	2,378
(321)	Assets sold	(2,249)
9,080	**Balance outstanding at year-end**	**7,189**

17 *Inventories*

	Road Salt		**Other Consumables**		**Work in Progress Highways**		**Work in Progress Building Maintenance**		**Total**	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	**263**	**85**	**26**	**15**	**296**	**135**	**151**	**24**	**736**	**259**
Purchases	84	288	152	183	460	522	673	890	**1,369**	**1,883**
Usage/Payment/ Transfers during the year	(122)	(110)	(156)	(172)	(460)	(237)	(711)	(763)	**(1,449)**	**(1,282)**
Written off balances	-	-	-	-	-	(124)	-	-	-	**(124)**
Balance outstanding at year-end	**225**	**263**	**22**	**26**	**296**	**296**	**113**	**151**	**656**	**736**

18 *Construction Contracts*

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

19 *Short - Term Debtors*

31 March 2012 Net £000		Gross £000	Allowance for Bad Debts £000	31 March 2013 Net £000
	Debtors			
5,647	Central Government Bodies	3,828	-	3,828
5,476	Other Local Authorities	4,459	-	4,459
994	NHS Bodies	1,110	-	1,110
172	Public Corporations and Trading Funds	-	-	-
1,206	Council Tax	11,029	10,064	965
11	NNDR	32	14	18
8,612	Other Entities and Individuals	22,947	13,529	9,418
22,118		43,405	23,607	19,798
1,852	***Payments in Advance***			1,550
23,970				**21,348**

20 *Cash and Cash Equivalents*

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

2011/12 £000		2012/13 £000
24	Cash held by the Authority	25
(6,343)	Bank Current Accounts	(6,689)
21,513	Short-term Deposits with Money Market Funds*	33,690
15,194	**Total Cash and Cash Equivalents**	**27,026**

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

21 *Financial Liabilities*

Short Term Borrowing (Temporary Loans)

	Balance at 31/03/12 £000	Loans Raised £000	Loans Repaid £000	Balance at 31/03/13 £000
Pension Fund	1,486	-	1,802	(316)
Former LRB Fund	668	-	175	493
	2,154	**-**	**1,977**	**177**

22 *Provisions*

	Outstanding Legal Cases (a) £000	Injury & Damage Compensation Claims (b) £000	Other Provisions (c) £000	Total £000
Balance at 1 April 2012	861	1,273	5,783	7,917
Additional Provisions made in year	391	662	1,984	3,037
Amounts used in year	5	845	856	1,706
Unused amounts reversed in year	856	-	267	1,123
Balance at 31st March 2013	**391**	**1,090**	**6,644**	**8,125**

(a) Outstanding Legal Cases: the Council made provision for the financial implications arising from one off costs relating to the implementation of Single Status. £856k of the original provision was not required and has therefore been reversed in 2012/13.
In addition, a provision of £391k has been made for a number of other Legal Cases.

(b) Injury and Damage Compensation Claims: this provision represents the estimated potential cost of insurance claims received but not settled by the Council as at 31st March 2013 (245 claims with a total estimate of £1,090k).

(c) Other Provisions include the following:

Provision has been made which represents the potential need to reimburse clients falling under Section 117 of the Mental Health Act who had previously been charged for residential care.
No reimbursements have been made during 2012/13 and a sum £628k has been carried forward into 2013/14.

The provision for the potential repayment of housing & council tax benefit subsidy arising from uncertainty relating to government subsidy for overpayment generated from L.A. errors has been reduced by £140k. A sum of 607k has been carried forward into 2013/14.

Provision of £991k has been made for potential redundancy costs which are expected to be paid in 2013/14 arising from proposals agreed in 2012/13.

All other provisions are individually insignificant.

23 Short - Term Creditors

31 March 2012 £000	Creditors	31 March 2013 £000
3,763	Central Government Bodies	3,639
772	Other Local Authorities	4,395
1,152	NHS Bodies	1,672
1,537	Council Tax	1,572
2,235	Council Tax Precepts (GLA)	2,396
5,286	NNDR	5,812
42,649	Other Entities and Individuals	34,420
57,394		53,906
	Receipts in Advance	
10	Central Government Bodies	16
-	Other Local Authorities	7
3,335	NHS Bodies	6,656
2,208	Council Tax	1,700
2,550	Other Entities and Individuals	2,551
8,103		10,930
65,497		**64,836**

24 Other Long Term Liabilities

31 March 2012 £000		31 March 2013 £000
251,366	Liability relating to Defined Benefit Pension Scheme #	259,827
2,356	Liability relating to Finance Leases *	2,593
253,722		**262,420**

Full details relating to the Defined Benefit Pension Scheme are included in note 46
* Full details of the Authority's finance leases are included in note 42

25 Usable Reserves

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

26 Unusable Reserves

31 March 2012 £000		31 March 2013 £000
147,734	Revaluation Reserve	121,389
704,686	Capital Adjustment Account	663,349
(251,366)	Pensions Reserve	(259,827)
2,193	Deferred Capital Receipts Reserve	2,472
3,862	Collection Fund Adjustment Account	4,769
(5,179)	Accumulated Absences Account	(4,760)
601,930	**Total Unusable Reserves**	**527,392**

Revaluation Reserve

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

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

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

2011/12 £000			2012/13 £000
161,846	**Balance as at 1st April**		147,734
18,362	Upward revaluation of assets	5,100	
(8,648)	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	(24,094)	
9,714	Surplus/deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services		(18,994)
(23,826)	Accumulated losses on assets sold or scrapped	(7,351)	
(23,826)	Amount written off to Capital Adjustment Account		(7,351)
147,734	**Balance as at 31st March**		**121,389**

26 *Unusable Reserves continued*

Capital Adjustment Account

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

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

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

2011/12 £000			2012/13 £000
778,582	**Balance as at 1st April**		**704,686**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income &Expenditure Statement:		
(18,835)	Charges for depreciation and impairment of non-current assets	(34,455)	
(36,696)	Revenue expenditure funded from capital under statute	(15,962)	
(72,810)	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to CI&E Statement	(17,530)	
(128,341)	Net written out amount of the cost of non-current assets consumed in the year		(67,947)
	Capital financing applied in the year:		
4,705	Use of Capital Receipts Reserve to finance new capital expenditure	4,636	
15,376	Capital grants and contributions credited to CI&E Statement that have been applied to capital financing	16,046	
23,273	Application of grants to capital financing from the Capital Grants Unapplied Account	108	
4,542	Statutory provision for capital financing charged against the General Fund	1,481	
3,527	Capital expenditure charged against the General Fund balance	6,927	
(90)	Other Movements	-	
51,333			29,198
3,112	Movements in market value of Investment Properties debited or credited to CI&E Statement		(2,588)
704,686	**Balance as at 31st March**		**663,349**

26 *Unusable Reserves continued*

Pensions Reserve

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

2011/12 £000		2012/13 £000
(169,666)	**Balance as at 1st April**	(251,366)
(87,549)	Actuarial gains or losses on pensions assets and liabilities	(1,016)
(11,841)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	(24,979)
17,690	Employer's pension contributions and direct payments to pensioners payable in the year	17,534
(251,366)	**Balance as at 31st March**	**(259,827)**

Deferred Capital Receipts Reserve

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

2011/12 £000		2012/13 £000
2,421	**Balance as at 1st April**	2,193
126	New advances	466
(354)	Transfer to the Capital Receipts Reserve upon receipt of cash	(187)
2,193	**Balance as at 31st March**	**2,472**

26 *Unusable Reserves continued*

Collection Fund Adjustment Account

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

2011/12 £000		2012/13 £000
2,057	**Balance as at 1st April**	3,862
1,805	Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	907
3,862	**Balance as at 31st March**	**4,769**

Accumulated Absences Account

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

2011/12 £000		2012/13 £000
(7,812)	**Balance as at 1st April**	(5,179)
7,812	Settlement or cancellation of accrual made at the end of the preceding year	5,179
(5,179)	Amounts accrued at the end of the current year	(4,760)
2,633	Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	419
(5,179)	**Balance as at 31st March**	**(4,760)**

27 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
(4,315)	Interest Received	(3,220)
79	Interest Paid	18
(4,236)	Net Interest Received / Paid	(3,202)

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

2011/12 £000		2012/13 £000
(11,792)	Depreciation	(11,761)
(7,043)	Impairment and Downward Valuations	(22,694)
313	Increase/Decrease in Creditors	(1,625)
(4,787)	Increase/Decrease in Debtors (net of bad debts)	(2,322)
477	Increase/Decrease in Inventories	(80)
5,849	Movement in Pension Liability	(7,445)
(96,636)	Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	(24,881)
2,519	Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	(2,330)
(111,100)		(73,138)

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

2011/12 £000		2012/13 £000
332	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	2,249
25,210	Other Items for which the Cash Effects are Investing or Financing Cash Flows	16,347
25,542		18,596

28 Cash Flow Statement - Investing Activities

2011/12 £000		2012/13 £000
9,601	Purchase of Property, Plant and Equipment and Investment Property	12,070
162,502	Purchase of Short-term and Long-term Investments	231,500
(332)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(2,249)
(171,661)	Proceeds from Short-term and Long-term Investments	(216,969)
(17,535)	Other Receipts from Investing Activities	(11,563)
(17,425)	**Net Cash Flows from Investing Activities**	12,789

29 Cash Flow Statement - Financing Activities

2011/12 £000		2012/13 £000
(889)	Cash Receipts from Short-term Borrowing	-
(12,663)	Other Receipts from Financing Activities	(8,883)
-	Repayments of Short and Long-term Borrowing	1,977
1,416	Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases	1,481
(12,136)	**Net Cash Flows from Financing Activities**	(5,425)

30 *Amounts Reported for Resource Allocation Decisions*

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

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

30 *Amounts Reported for Resource Allocation Decisions continued*

Portfolio Income and Expenditure

2012/13 Reported to Executive	**Care Services £000**	**Public Protection and Safety £000**	**Education £000**	**Environment £000**	**Renewal and Recreation £000**	**Resources £000**	**Central Items £000**	**Total £000**
Fees, Charges & Other Service Income	(28,550)	(435)	(15,874)	(19,831)	(3,871)	(8,769)	-	(77,330)
Government Grants & Contributions	(137,823)	(129)	(147,684)	(1,165)	(221)	(20,600)	10,447	(297,175)
Total Income	(166,373)	(564)	(163,558)	(20,996)	(4,092)	(29,369)	10,447	(374,505)
Employee Expenses	33,990	2,836	92,397	8,400	8,886	20,079	(6,608)	159,980
Other Service Expenses	232,548	1,334	60,875	45,031	5,206	48,116	899	394,009
Support Service & Other Recharges	9,137	321	5,477	1,406	1,960	(20,409)	-	(2,108)
Depreciation and Impairment	2,387	-	16,159	7,126	20,989	2,249	(48,910)	-
Capital Expenditure charged to the General Fund	-	-	1,767	604	619	147	-	3,137
Total Expenditure	278,062	4,491	176,675	62,567	37,660	50,182	(54,619)	555,018
Net Expenditure	**111,689**	**3,927**	**13,117**	**41,571**	**33,568**	**20,813**	**(44,172)**	**180,513**

30 Amounts Reported for Resource Allocation Decisions continued

Portfolio Income and Expenditure

2011/12 Comparative Figures	**Care Services £000**	**Public Protection and Safety £000**	**Education £000**	**Environment £000**	**Renewal and Recreation £000**	**Resources £000**	**Central Items £000**	**Total £000**
Reported to Executive								
Fees, Charges & Other Service Income	(30,211)	(406)	(26,273)	(17,577)	(5,288)	(8,819)	-	(88,574)
Government Grants & Contributions	(127,652)	(245)	(163,881)	(455)	(2,868)	(20,682)	-	(315,783)
Total Income	(157,863)	(651)	(190,154)	(18,032)	(8,156)	(29,501)	-	(404,357)
Employee Expenses	34,387	2,664	111,363	8,662	11,802	15,000	4,014	187,892
Other Service Expenses	236,448	1,474	83,488	47,331	6,838	38,500	784	414,863
Support Service & Other Recharges	11,379	329	3,975	1,639	2,535	(22,232)	-	(2,375)
Depreciation and Impairment	5,770	-	33,639	5,790	3,810	9,176	(58,185)	-
Capital Expenditure charged to the General Fund	300	-	167	452	563	347	-	1,829
Total Expenditure	288,284	4,467	232,632	63,874	25,548	40,791	(53,387)	602,209
Net Expenditure	**130,421**	**3,816**	**42,478**	**45,842**	**17,392**	**11,290**	**(53,387)**	**197,852**

30 Amounts Reported for Resource Allocation Decisions continued

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

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

	2011/12 £000	**2012/13 £000**
Net Expenditure in the Portfolio Analysis	197,852	180,513
Net Expenditure of Services and Support Services not included in the Analysis	47,267	43,228
Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the Analysis	(25,991)	(5,875)
	219,128	217,866
Deduct Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	2,549	(2,190)
Cost of Services in the Comprehensive Income and Expenditure Statement	**221,677**	**215,676**

30 Amounts Reported for Resource Allocation Decisions continued

Reconciliation to Subjective Analysis

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

2012/13	**Portfolio Analysis**	**Services and Support Services not in Analysis**	**Amounts not Reported to Management for Decision Making**	**Amounts not included in CI & E Cost of Services**	**Allocation of Recharges**	**Cost of Services**	**Corporate Amounts**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fees, Charges & Other Service Income	(77,330)	-	-	5,102	2,909	(69,319)	(499)	(69,818)
Interest and Investment Income	-	-	-	-	-	-	(6,995)	(6,995)
Pensions - Expected Return on Assets	-	-	-	-	-	-	(22,656)	(22,656)
Income from Council Tax	-	-	-	-	-	-	(135,860)	(135,860)
NNDR Redistribution	-	-	-	-	-	-	(61,743)	(61,743)
Government Grants and Contributions	(297,175)	(10,447)	(314)	-	-	(307,936)	(12,966)	(320,902)
Total Income	(374,505)	(10,447)	(314)	5,102	2,909	(377,255)	(240,719)	(617,974)
Employee Expenses	159,980	6,608	(5,529)	-	(13,129)	147,930	-	147,930
Other Service Expenses	394,009	(2,548)	(58)	(3,581)	(17,810)	370,012	-	370,012
Capital Expenditure charged to the General Fund	3,137	-	-	(3,137)	-	-	-	-
Support Service Recharges	(2,108)	-	-	(574)	28,030	25,348	-	25,348
Depreciation & Impairment	-	49,615	26	-	-	49,641	-	49,641
Interest and Investment Expenditure	-	-	-	-	-	-	5,415	5,415
Precepts & Levies	-	-	-	-	-	-	1,514	1,514
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	6	6
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	-	22,632	22,632
Pensions Interest Cost	-	-	-	-	-	-	30,822	30,822
Total Expenditure	555,018	53,675	(5,561)	(7,292)	(2,909)	592,931	60,389	653,320
Deficit on the Provision of Services	**180,513**	**43,228**	**(5,875)**	**(2,190)**	**-**	**215,676**	**(180,330)**	**35,346**

30 Amounts Reported for Resource Allocation Decisions continued

Reconciliation to Subjective Analysis

2011/12 Comparative Figures	**Portfolio Analysis**	**Services and Support Services not in Analysis**	**Amounts not Reported to Management for Decision Making**	**Amounts not included in CI & E Cost of Services**	**Allocation of Recharges**	**Cost of Services**	**Corporate Amounts**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fees, Charges & Other Service Income	(88,574)	(181)		10,712	3,306	(74,737)	(3,286)	(78,023)
Interest and Investment Income	-	-	-	-	-	-	(8,476)	(8,476)
Pensions - Expected Return on Assets	-	-	-	-	-	-	(28,198)	(28,198)
Income from Council Tax	-	-	-	-	-	-	(133,971)	(133,971)
NNDR Redistribution	-	-	-	-	-	-	(51,425)	(51,425)
Government Grants and Contributions	(315,783)	-	(19,159)	-	-	(334,942)	(26,941)	(361,883)
Total Income	(404,357)	(181)	(19,159)	10,712	3,306	(409,679)	(252,297)	(661,976)
Employee Expenses	187,892	(4,014)	(6,659)	(19)	(15,336)	161,864	-	161,864
Other Service Expenses	414,863	(2,966)	(312)	(5,642)	(19,985)	385,958	-	385,958
Capital Expenditure charged to the General Fund	1,829	-	-	(1,829)	-	-	-	-
Support Service Recharges	(2,375)	-	-	(673)	32,015	28,967	-	28,967
Depreciation & Impairment	-	54,428	139	-	-	54,567	-	54,567
Interest and Investment Expenditure	-	-	-	-	-	-	187	187
Precepts & Levies	-	-	-	-	-	-	1,727	1,727
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	12	12
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	-	96,304	96,304
Pensions Interest Cost	-	-	-	-	-	-	32,216	32,216
Total Expenditure	602,209	47,448	(6,832)	(8,163)	(3,306)	631,356	130,446	761,802
Deficit on the Provision of Services	**197,852**	**47,267**	**(25,991)**	**2,549**	**-**	**221,677**	**(121,851)**	**99,826**

31 *Pooled Budgets*

The Authority has entered into a pooled budget arrangement with Bromley PCT which operates under Section 31 of the Health Act 1999 (revised to Section 75 of the NHS Act 2006) for the provision of integrated stores. The transactions of the pooled budget are summarised below.

2011/12 Integrated Community Equipment Store £000		2012/13 Integrated Community Equipment Store £000
	Income	
185	Bromley PCT contribution	485
1,008	London Borough of Bromley contribution	845
1,193	**Gross Income**	**1,330**
	Expenditure	
1,352	Occupational therapy equipment store	1,689
1,352	**Gross Expenditure**	**1,689**
159	**Deficit for the year**	**359**

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

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

2011/12 Mental Health Services £000		2012/13 Mental Health Services £000
	Income	
17,229	Oxleas NHS Foundation Trust contribution	17,775
1,555	London Borough of Bromley contribution	1,458
18,784	**Gross Income**	**19,233**
	Expenditure	
18,547	Mental Health Functions	19,268
18,547	**Gross Expenditure**	**19,268**
(237)	**(Surplus) / deficit for the year**	**35**

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

32 Members Allowances

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

2011/12 £000		**2012/13 £000**
1,076	Allowances	1,077
11	Expenses	11
1,087	Total	1,088

33 Non Distributed Costs

As required by the Service Reporting Code of Practice, these costs comprise pension costs, as defined by IAS 19 (formerly FRS 17), as follows:

- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. In the IAS 19 valuation as at 31st March 2013, the actuary estimated the past service cost in 2012/13 to be £372k, (nil in 2011/12).

- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of employee benefits. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. Losses on curtailments arise when the Authority allows employees to retire on unreduced benefits before they would normally have been able to do so Cr £3,299k in 2012/13 (£1,032k in 2011/12). A loss on settlements of £1,803k in 2012/13 (a gain of Cr £9,026k in 2011/12) has arisen as a result of the adoption of academy status by a number of Bromley schools).

The following charges have been posted to Non Distributed Costs:

2011/12 £000		**2012/13 £000**
-	Past Service Costs	372
1,032	Loss/ (Gain) on Curtailments	(3,299)
(9,026)	Loss/ (Gain) on Settlements	1,803
303	Other Pension Costs	301
(7,691)		(823)

34 *Officers Remuneration*

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

Disclosure of remuneration for senior employees 2011/12 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive - D. Patterson	177,135	-	177,135	25,160	202,295
Director of Resources*	164,129	-	164,129	561	164,690
Director of Resources	118,740	5,405	124,145	17,629	141,774
Director of Finance	113,893	1,046	114,939	17,235	132,174
Assistant Chief Executive HR	112,977	-	112,977	16,077	129,054
Director of Renewal & Recreation	121,073	2,169	123,242	17,798	141,040
Director of Environmental Services	114,546	5,248	119,794	16,859	136,653
Director of Children & Young People Services	134,346	-	134,346	19,749	154,095
Director of Adult & Community Services*	192,246	1,333	193,579	9,625	203,204
	1,249,085	15,201	1,264,286	140,693	1,404,979

* Relates to Post Holders who left the employment of the Council during 2011/12. These costs include redundancy payments and payment in lieu of notice but exclude the employers cost of early retirement

Disclosure of remuneration for senior employees 2012/13 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive - D. Patterson	176,635	-	176,635	25,160	201,795
Director of Resources	122,499	5,946	128,445	18,007	146,452
Director of Finance	118,312	1,268	119,580	17,893	137,473
Assistant Chief Executive HR	115,852	-	115,852	16,501	132,353
Director of Renewal & Recreation	128,083	3,894	131,977	18,828	150,805
Director of Environmental Services	120,170	4,742	124,912	17,763	142,675
Director of Children & Young People Services *	154,682	-	154,682	548	155,230
Director of Education & Care Services #	67,062	-	67,062	9,365	76,427
	1,003,295	15,850	1,019,145	124,065	1,143,210

* Relates to Post Holders who left the employment of the Council during 2012/13. These costs include redundancy payments and payment in lieu of notice but exclude the employers cost of early retirement

\# Relates to Post Holders who commenced employment with the Council during 2012/13.

34 *Officers Remuneration continued*

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

	2011/12				2012/13	
Non-School Employees	**School Employees**	**Total Employees**	**Annual Remuneration**	**Non-School Employees**	**School Employees**	**Total Employees**
53	61	114	£50,000-£54,999	47	54	101
27	56	83	£55,000-£59,999	26	38	64
19	28	47	£60,000-£64,999	18	24	42
10	14	24	£65,000-£69,999	14	13	27
11	12	23	£70,000-£74,999	7	8	15
8	8	16	£75,000-£79,999	7	4	11
4	2	6	£80,000-£84,999	4	5	9
1	2	3	£85,000-£89,999	2	2	4
2	1	3	£90,000-£94,999	1	2	3
1	-	1	£95,000-£99,999	2	1	3
1	-	1	£100,000-£104,999	1	-	1
-	3	3	£105,000-£109,999	-	-	-
2	-	2	£110,000-£114,999	2	-	2
1	-	1	£115,000-£119,999	3	-	3
2	-	2	£120,000-£124,999	1	-	1
-	1	1	£125,000-£129,999	1	-	1
1	-	1	£130,000-£134,999	2	-	2
-	-	-	£135,000-£139,999	1	-	1
-	1	1	£140,000-£144,999	-	-	-
2	-	2	£145,000-£149,999	-	1	1
-	-	-	£150,000-£154,999	1	-	1
-	-	-	£155,000-£159,999	-	-	-
1	-	1	£160,000-£164,999	-	-	-
-	-	-	£165,000-£169,999	-	-	-
-	-	-	£170,000-£174,999	-	-	-
1	-	1	£175,000-£179,999	1	-	1
-	-	-	£180,000-£184,999	-	-	-
-	-	-	£185,000-£189,999	-	-	-
1	-	1	£190,000-£194,999	-	-	-

In order to comply with amendments to the Accounts and Audit Regulations 2003, remuneration bandings are required to be disclosed in brackets of £5,000.

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

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

34 *Officers Remuneration continued*

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £000s	2012/13 £000s
£0 - £20,000	59	29	33	37	92	66	624	506
£20,001 - £40,000	10	9	10	11	20	20	582	605
£40,001 - £60,000	1	2	2	5	3	7	156	364
£60,001 - £80,000	-	2	2	2	2	4	138	307
£80,001 - £100,000	-	-	1	-	1	-	88	-
£100,001 - £150,000	-	1	2	1	2	2	210	276
£150,001 - £200,000	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	1	1	1	1	206	226
£250,001 - £300,000	-	-	1	-	1	-	273	-
Total	**70**	**43**	**52**	**57**	**122**	**100**	**2,277**	**2,284**

In 2012/13 the total cost of £2,284k (£2,277k in 2011/12) in the table above consists of exit packages agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

35 External Audit Costs

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

2011/12 £000		2012/13 £000
	Fees payable to PricewaterhouseCoopers LLP with regard to :	
260	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	156
35	- Pension Fund audit fee	21
	Fees payable to and receivable from the Audit Commission in respect of:	
2	- NFI fee	2
(36)	- Other one-off rebates from the Audit Commission	-
50	Fees payable to PricewaterhouseCoopers LLP for the certification of grant claims and returns for the year	23
311		**202**

36 Landfill Allowances Trading Scheme (LATS)

Under this scheme, introduced by the Waste and Emissions Trading Act 2003, the Council is required to hold allowances to match the amount of biodegradable municipal waste it sends to landfill. During 2012/13 Bromley was allocated 51,000 allowances of which it is estimated that 23,487 will be required for landfill usage, leaving a balance of 27,513 unused allowances.

As at 31st March 2013, each allowance has a market value of zero and as such previous valuations have been written out of the balance sheet.

37 *Dedicated Schools Grant*

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund Academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2012/13 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000	Notes
Final DSG for 2012/13 before Academy recoupment	39,706	181,103	220,809	**(a)**
Academy figure recouped for 2012/13		(100,344)	(100,344)	**(b)**
Total DSG after Academy recoupment for 2012/13	39,706	80,759	120,465	**(c)**
Brought forward from 2011/12	1,698	-	1,698	**(d)**
Carry forward to 2012/13 agreed in advance	-	-	-	**(e)**
Agreed initial budgeted distribution in 2012/13	41,404	80,759	122,163	**(f)**
In year adjustments	1,340	127	1,467	**(g)**
Final budgeted distribution for 2012/13	**42,744**	**80,886**	**123,630**	**(h)**
Less Actual central expenditure	38,062	-	38,062	**(i)**
Less Actual ISB deployed to schools	-	80,886	80,886	**(j)**
Plus Local Authority contribution for 2012/13		-	-	**(k)**
Carry forward to 2013/14	4,682	-	4,682	**(l)**

(a) DSG figure as announced by the Department for Education in June 2012.

(b) Figure recouped from the authority in 2012/13 by the DfE for the conversion of maintained schools into Academies.

(c) Total figure after DfE Academy recoupment for 2012/13.

(d) Figure brought forward from 2011/12 as agreed with the DfE.

(e) Any amount which the Authority decided after consultation with the schools forum to carry forward to 2013/14 rather than distribute in 2012/13.

(f) Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.

(g) Changes to the initial distribution.

(h) Budgeted distribution of DSG as at the end of the financial year.

(i) Actual amount of central expenditure items in 2012/13

(j) Amount of ISB actually distributed to schools.

(k) Any contribution from the Local Authority in 2012/13 which will have the effect of substituting for DSG in funding the Schools Budget.

(l) Carry forward to 2013/14

38 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12 and 2012/13.

Credited to Taxation and Non Specific Grant Income	**2011/12 £000**	**2012/13 £000**
Revenue Grants:		
Revenue Support Grant	15,895	1,197
Local Services Support Grant	698	823
New Homes Bonus	993	2,025
Council Tax Freeze Grant	3,304	3,322
	20,890	7,367
Total Government Grants	**20,890**	**7,367**
Other Capital Grants and Contributions:		
Transport for London	6,051	5,599
Total Contributions	**6,051**	**5,599**
Total Credited to Taxation and Non Specific Grant Income	**26,941**	**12,966**

Credited to Services	**2011/12 £000**	**2012/13 £000**
Revenue Grants:		
Dedicated Schools Grant	137,610	118,035
Housing & Council Tax Benefit Grant	135,923	143,910
Education Funding Agency	12,633	4,350
Early Intervention Grant	11,001	11,798
Learning Disability Health Reform	8,580	8,805
Skills Funding Agency - Adult Education	2,472	2,070
Council Tax & Housing Benefits Administration	2,083	1,935
Pupil Premium	1,828	3,032
Troubled Families	20	535
Social Care Reform	382	139
Step up to Social Work	233	440
Youth Justice Board	381	365
Other Miscellaneous Grants	2,627	1,642
	315,773	297,056
Capital Grants:		
Maintenance in Schools	5,687	2,576
Basic Need	5,775	3,995
Surestart	4,066	-
Early Education for 2 Year Olds	-	558
Devolved Formula Capital	650	432
Social Care Grant	607	619
Other Capital Grants	224	749
	17,009	8,929
Total Government Grants	**332,782**	**305,985**

38 Grant Income continued

Credited to Services continued	2011/12 £000	2012/13 £000
Other Grants and Contributions:		
Other Grants and Contributions	1,978	1,364
Section 106 Developers Contributions	182	587
Total Contributions	**2,160**	**1,951**
Total Credited to Services	**334,942**	**307,936**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require monies or property to be returned to the giver. The balances at the year end are as follows:

Current Liabilities

Revenue Grants Creditors and Receipts in Advance	2011/12 £000	2012/13 £000
Dedicated Schools Grant	1,698	4,682
Housing & Council Tax Benefit Grant	-	355
Standards Fund Grant	745	745
Other Miscellaneous Grants	572	59
Total Government Grants	**3,015**	**5,841**
Other Grants and Contributions Receipts in Advance		
Section 106 Developers Contributions - Revenue	1,359	1,201
Section 106 Developers Contributions - Capital	3,690	5,869
Total Contributions	**5,049**	**7,070**
Total Receipts in Advance	**8,064**	**12,911**

39 *Related Party Transactions*

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

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from UK government departments are set out in the subjective analysis in note 30 on reporting for resource allocation decisions. Grant receipts outstanding at 31st March 2013 are shown in note 38.

Members

Members of the Council have direct control over the Council’s financial and operating policies. The total of Members’ allowances paid in 2012/13 is shown in Note 32. During 2012/13, there are no declarable related party transactions with the exception of the following:-

a) Councillor J. Canvin is a board member of Crystal Palace Community Development Trust to which the Council paid £50k in 2012/13.

b) Councillor W. Huntington-Thresher and Councillor P. Fortune are Council appointed board members of Broomleigh Housing Association (Affinity Homes Group) to which the Council paid £1.0m in 2012/13.

c) Councillor Mrs Manning is Chairman of the Carers Organisation which receives support in kind by Carers Bromley. The Council paid £478k to Carers Bromley in 2012/13.

d) Councillor K. Lymer is a Trustee of Bromley Youth Music Trust to which the Council paid £506k in 2012/13.

e) Councillor P. Morgan and Councillor M. Turner are Trustees of Bromley & Downham Youth Club to which the Council paid £58k in 2012/13.

f) Councillor D. Smith is a Council appointed board member of Bromley Healthcare Community Interest Co Ltd to which the Council paid £423k in 2012/13.

g) Councillor P. Fookes is a Trustee of Age Concern, Penge and Anerley to which the Council paid £123k in 2012/13.

Officers

During 2012/13 £7.4m was paid to Liberata in payment for services in relation to the Council's exchequer contract. Liberata employs two family members of the Director of Finance, neither in a role that is specifically related to the Bromley contract.

Other Public Bodies

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

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was slightly negative and, as a result, no interest was paid to the Fund (nil was paid in 2011/12). The Authority charged the Fund £424k in 2012/13 (£513k in 2011/12) for expenses incurred in administering the Fund.

40 *Section 106 Receipts*

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

31 March 2012 £000	Service	Income £000	Expenditure £000	Transfers (to) /from Capital £000	31 March 2013 £000
Revenue					
521	Highway Improvement Works	-	69	-	452
5	CCTV	-	-	-	5
30	Road Safety Schemes	15	-	-	45
95	Local Economy & Town Centres	-	63	26	58
53	Parking	14	-	-	67
35	Landscaping	-	-	-	35
81	Education	-	-	(81)	-
489	Healthcare Services	-	-		489
40	Community Facilities (to be transferred to capital)	-	-	-	40
10	Other	-	-	-	10
1,359		29	132	(55)	1,201
Capital					
43	Local Economy & Town Centres	-	-	(26)	17
485	Education	250	-	81	816
2,318	Housing	2,326	387	-	4,257
844	Community Facilities	4	69	-	779
3,690		2,580	456	55	5,869
5,049		**2,609**	**588**	**-**	**7,070**

41 *Capital Expenditure and Capital Financing*

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

	2011/12 £000	**2012/13 £000**
Opening Capital Financing Requirement	7,452	3,591
Capital investment		
Property, Plant and Equipment	11,233	9,807
Investment Properties	-	3,787
Revenue Expenditure Funded from Capital under Statute	36,696	15,962
Disabled Facilities Grant Recycled	829	636
	48,758	30,192
Sources of finance		
Capital receipts	4,705	4,637
Government grants and other contributions	39,477	16,790
Sums set aside from revenue:		
Direct revenue contributions	3,527	6,927
Statutory / voluntary revenue provision	3,126	-
Finance Leases Repaid/Terminated	1,784	1,592
	52,619	29,946
Movement in Capital Financing Requirement	(3,861)	246
Closing Capital Financing Requirement	3,591	3,837
Explanation of movements in year		
Reduction in underlying need for borrowing (unsupported by government financial assistance)	(4,910)	(1,592)
Assets acquired under finance leases	1,049	1,838
Increase/(decrease) in Capital Financing Requirement	**(3,861)**	**246**

42 *Leases*

Finance Leases - Authority as Lessee

The Authority has entered into a number of contractual arrangements which include embedded leases that have been classified as finance leases. The most significant of these relate to the refuse collection vehicles and plant included in the Refuse Collection contract. The useful life of these vehicles has typically been assumed to be 7 years. The arrangements for other vehicles, primarily in the gulley and street cleansing contracts, have also been classified as finance leases and 7 years has also typically been assumed as the useful life for these items.
Items of equipment leased by schools, mainly photocopiers, have also been classified as finance leases. Insufficient information was available to account for these in 2009/10, but they were all brought onto the Balance Sheet in 2010/11 and a typical useful life of 5 years was assumed.
The assets acquired under these leases are carried as Vehicles, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2012 £000	31 March 2013 £000
Vehicles, Plant and Equipment	3,591	3,837
	3,591	**3,837**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years whilst the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2012 £000	31 March 2013 £000
Finance lease liabilities (net present value of minimum lease payments)		
- current (within 1 year)	1,235	1,244
- non current (later than 1 year)	2,356	2,593
Finance costs payable in future years	1,250	1,167
Minimum lease payments	**4,841**	**5,004**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
Not later than one year	1,648	1,642	1,235	1,244
Later than one and less than five years	2,937	3,131	2,170	2,394
Later than five years	256	231	186	199
	4,841	**5,004**	**3,591**	**3,837**

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

42 *Leases continued*

Operating Leases - Authority as Lessee

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

	31 March 2012 £000	31 March 2013 £000
Not later than one year	453	506
Later than one and less than five years	1,194	1,328
Later than five years	114	239
	1,761	**2,073**

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

	31 March 2012 £000	31 March 2013 £000
Minimum lease payments		
Adult Social Care	115	200
Children's and Education Services	239	238
Cultural and Related Services	31	16
Environmental and Regulatory Services	43	13
Highways & Transport Services	-	66
Planning Services	25	119
	453	**652**

Operating Leases - Schools as Lessee

Schools have entered into operating leases in the main, to acquire photocopiers and telephone systems.
Typically operating leases are in place for 3 to 5 years, depending on the asset.
The minimum lease payments will be payable over the following periods.

	31 March 2012 £000	31 March 2013 £000
Not later than one year	48	45
Later than one and less than five years	94	56
Later than five years	2	-
	144	**101**

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

	31 March 2012 £000	31 March 2013 £000
Minimum lease payments		
Children's and Education Services	48	45
	48	**45**

42 *Leases continued*

Finance Leases - Authority as Lessor

As at 31st March 2013, the Authority holds no finance leases.

Operating Leases - Authority as Lessor

The Authority has granted a number of lease agreements with regard to its portfolio of investment and other Council properties which are accounted for as operating leases.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2012 £000	31 March 2013 £000
Not later than one year	3,439	4,853
Later than one and less than five years	11,434	14,832
Later than five years	194,419	202,298
	209,292	**221,983**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The Net Book Value of these assets was £229m as at 31st March 2013 (£219.9m as at 31st March 2012). Depreciation and impairment charges of £1.8m and £0.2m respectively were made in 2012/13.

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

	31 March 2012 £000	31 March 2013 £000
Minimum lease payments		
Cultural and Related Services	366	457
Environmental and Regulatory Services	204	169
Children's and Education Services	4	25
Highways and Transport Services	91	78
Adult Social Care	144	146
Financing & Investing Income & Expenditure	3,468	3,604
Contingent rents		
Environmental and Regulatory Services	93	109
Financing & Investing Income & Expenditure	767	408
	5,137	**4,996**

43 *Service Concessions*

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

The Refuse Collection contract with Veolia Ltd

The Authority transferred the contract for Waste Collection to Onyx U.K. Ltd, now known as Veolia, from 4th November 2001 and the Waste Management contract from 24th February 2002, for 14 years.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance on note 12.

The total cost of this contract to 31st March 2012 was £43.8m. Expenditure amounting to £4.8m was incurred in 2012/13 (£5.5m in 2011/12).

Further details of the leasing arrangements are provided in note 42.

44 *Impairment Losses*

During 2012/13 the Authority has charged the following impairments in respect of its non-current assets to the surplus or deficit on the Provision of Services and the Other Comprehensive Income and Expenditure:

2011/12 £000		**2012/13 £000**
6,625	Property, Plant and Equipment	22,673
418	Assets held for sale	21
7,043		**22,694**

These losses have been charged in the Comprehensive Income & Expenditure Statement as follows:

2011/12 £000		**2012/13 £000**
1,386	Central Services to the Public	-
1,242	Cultural and Related Services	20,047
945	Environmental and Regulatory Services	2,097
1,710	Children's and Education Services	250
1,342	Adult Social Care	279
6,625		22,673
418	Financing & Investment Income & Expenditure	21
7,043		**22,694**

45 *Termination Benefits*

The Authority terminated the contracts of a number of employees in 2012/13, incurring liabilities of £2,284k (£2,277k in 2011/12) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2012/13 related to 100 employees across all departments of the Authority (122 employees in 2011/12).

46 *Disclosure of Information about Retirement Benefits*

(a) Participation in Pension Schemes

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

The Council's Pension Fund is a funded defined benefit final salary statutory scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007/08 (as amended). The Authority and employees pay contributions into the Fund, calculated at a level intended to balance the pensions liabilities with investment assets over a period of time, 12 years in the Council's case. The Fund provides pension benefits for its employees, including retirement pensions, lump sum retirement grants and widows' pensions.

In 2010, the government appointed Lord Hutton to head a commission into public sector pensions. Lord Hutton issued his report in 2011 and the key recommendations, which were accepted by the government as a basis for consultation, were:
- Final salary scheme to be replaced by career average scheme, but existing accrued pension rights to be honoured;
- Normal pension age to be linked to state pension age (set to rise to 66 by 2020);
- If the employer contribution exceeds a set ceiling (to be determined), there should be a review of costs, with a possible increase in employee contributions or a review of the whole scheme.

Agreement has recently been reached between trade unions and Government ministers over the reform of the scheme. The main elements of the new scheme were agreed in December 2011 but, since then, the Local Government Authority and the trade unions have been negotiating with the Government over details such as the accrual rate and revaluation rate to ensure the new scheme stays within the cost ceiling set by the Government. The new LGPS scheme will be in place by 1 April 2014.

(b) Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income & Expenditure Statement when benefits are earned by employees, rather than when they are finally paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year, based on figures provided in the IAS 19 report as at 31st March 2013, prepared by the Council's actuary, Mercer.

	2011/12	**2012/13**
Comprehensive Income & Expenditure Statement	**£000**	**£000**
Current service cost	15,817	17,937
Settlements and Curtailments	(7,994)	(1,496)
Past service costs	-	372
Total included in Cost of Services	7,823	16,813
Financing & Investment Income & Expenditure		
Pensions interest cost	32,216	30,822
Expected return on scheme assets	(28,198)	(22,656)
Total included in Surplus or Deficit on the Provision of Services	11,841	24,979
Other Benefits Charged to the Comprehensive Income & Expenditure Statement		
Actuarial gains and losses	87,549	1,016
Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement	99,390	25,995
Movement in Reserves Statement		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	(11,841)	(24,979)
Employers' contributions and benefits payable direct to pensioners	17,690	17,534
	5,849	(7,445)
Actual return on scheme assets	15,649	59,573

46 *Disclosure of Information about Retirement Benefits continued*

(b) Transactions relating to Post-employment Benefits continued

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2013 is a loss of £209,742k (loss of £208,726k to 31st March 2012) since 1st April 2002.

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

Reconciliation of present value of Scheme liabilities:

	2011/12	2012/13
	£000	£000
Opening Liability (Defined Benefit obligation)	**601,733**	**687,983**
Current service cost	15,817	17,937
Interest cost	32,216	30,822
Actuarial (gain)/loss	75,000	37,933
Curtailments	1,032	(3,299)
Settlements	(18,379)	-
Estimated benefits paid (net of transfers in)	(23,539)	(23,893)
Past service costs	-	372
Contributions by scheme members	4,457	4,106
Unfunded pension payments	(354)	-
Closing Liability (Defined Benefit obligation)	**687,983**	**751,961**

Reconciliation of fair value of Scheme assets:

	2011/12	2012/13
	£000	£000
Opening fair value of scheme assets	**432,067**	**436,617**
Expected return on scheme assets	28,198	22,656
Actuarial gain/(loss)	(12,549)	36,917
Contributions by employer	17,690	17,534
Contributions by scheme members	4,457	4,106
Settlements	(9,353)	(1,803)
Estimated benefits paid (net of transfers in)	(23,893)	(23,893)
Closing fair value of scheme assets	**436,617**	**492,134**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.
The actual return on scheme assets in the year was £59,573k (£15,649k in 2011/12).

Reconciliation of net deficit (liability) on scheme:

	2011/12	2012/13
	£000	£000
Net Deficit at beginning of the year	**(169,666)**	**(251,366)**
Current service cost	(15,817)	(17,937)
Employer contributions	17,336	17,534
Unfunded pension payments	354	-
Past service costs	-	(372)
Other finance income	(4,018)	(8,166)
Settlements and Curtailments	7,994	1,496
Actuarial loss	(87,549)	(1,016)
Net Deficit at end of the year	**(251,366)**	**(259,827)**

46 Disclosure of Information about Retirement Benefits continued

(d) Scheme History

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of liabilities	(403,435)	(640,362)	(601,733)	(687,983)	(751,961)
Fair value of assets	263,021	400,559	432,067	436,617	492,134
Net Deficit in the scheme	(140,414)	(239,803)	(169,666)	(251,366)	(259,827)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £751,961k has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance (deficit) of £259,827k. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the scheme will be made good by increased employer contributions over a 12 year period, as assessed by the scheme actuary in the full valuation of the fund as at 31st March 2010.

The total contributions expected to be made to the scheme by the Authority in the year to 31st March 2013 is £15,680k.

(e) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Mercer, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2010 and latest estimates for for the Fund as at 31st March 2013.

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

	31/03/12	31/03/13
Long-term expected rate of return on scheme assets (% p.a.):		
Equities	5.9%	7.0%
Bonds/Gilts (average)	3.8%	3.4%
Cash	3.0%	0.5%
Property	-	6.0%
Other	-	7.0%
Longevity at 65 for pensioners retiring today (years):		
Men	22.2	23.1
Women	26.2	26.5
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	24.4	25.1
Women	28.3	28.5
Rate of inflation - CPI	2.3%	2.3%
Rate of increase in salaries	4.5%	4.6%
Rate of increase in pensions	2.3%	2.3%
Rate for discounting scheme liabilities	4.5%	4.3%
Take-up of option to convert annual pension to lump sum	50%	50%

46 Disclosure of Information about Post-employment Benefits continued

(e) Basis for Estimating Assets and Liabilities continued

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

	31/03/12 %	31/03/13 %
Equity investments	82	74
Gilts / Bonds	15	15
Cash	3	2
Other	-	9
	100	100

(f) History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 and in previous years can be analysed into the following categories, measured as a percentage of assets or liabilities as at 31st March.

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Differences between expected and actual return on assets	(38.2)	28.7	0.2	(2.9)	7.5
Experience gains and losses on liabilities	-	-	1.0	-	-

(g) Bromley Employees

In 2012/13, Bromley paid into the Pension Fund a total contribution of £17.1m (29.4% of total pensionable pay), including a past deficit contribution of £5.8m. This compares to £18.3m (28.7%) and £5.5m in 2011/12. The underlying contribution rate and the past deficit contribution are both determined by the Fund's Actuary based on triennial actuarial valuations. The contributions in 2012/13 incorporate the results of the full valuation as at 31st March 2010, which set contribution rates to achieve a funding level of 100% of the overall liabilities of the fund over the next 12 years.

(h) Teachers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Authority contributes towards the costs based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme, but it is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. In this Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme.

In 2012/13, Bromley paid £4.6m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 14.1% of teachers' pensionable pay. The figures for 2011/12 were £6.3m and 14.1%. A further contribution of £0.3m (23.5% of pensionable pay) was paid over in respect of academies. In addition, Bromley is responsible for all pension payments relating to added years it has awarded. There were no payments relating to added years in both 2012/13 and 2011/12.

47 *Contingent Liability - not provided for in the accounts*

Contingent liabilities are dependent upon the outcome of uncertain events and, consequently, cannot be quantified at the balance sheet date. For 2012/13 there are five contingent liabilities to disclose:

1) There have been a number of Council Tax banding appeals which, if successful, could result in refunds dating back to 1993. The claims are currently being considered by the District Valuer and could also have an impact on future Council Tax income levels. It is not possible to quantify the financial impact at this stage and the final outcome will depend on the number of appeals and the outcome of the findings from the District valuer.

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

3) There are potential risks through the Council picking up liabilities from Governing Bodies of Foundation and Community schools which convert to Academy status. The financial impact of this cannot be quantified at this stage.

4) Consequent to ongoing litigation involving most Local Land Charges Authorities regarding the implications of the Environment Information Regulations 2004, there is a potential risk that charges previously imposed on personal search companies for local land charges information will have to be repaid for the period 2005 - 2010. The potential liability to the Council is estimated to be £450k.

5) There is a potential clawback of grant in the region of £1.5m dependent wholly on decisions outside of the Authority's control.

48 *Contingent Asset - not provided for in the accounts*

Contingent assets are possible assets that will only be confirmed by the occurrence of uncertain future events not wholly within the Authority's control. For 2012/13 there is one contingent asset to be disclosed:

The Council has been successful in recovering from HM Revenue and Customs separate historic VAT claims for different periods from April 1973 to December 1996. These claims related to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries/audio visual charges. There are further claims being pursued which include claims for compound interest, off street parking and a claim for the period December 1996 to April 2011 in relation to libraries/audio visual charges, special collections of domestic waste, excess charges for off-street parking and a claim for trade waste. It is not possible to accurately predict the financial outcome of these claims at the present time nor is it certain, at this stage, whether the claims will be successful.

49 Nature and Extent of Risk Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. With regard to financial assets, these are mainly classified as loans and receivables (see note 15) and most of this note concentrates on the nature and extent of risk arising from these.

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

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

Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit rating criteria.

The Strategy for 2012/13 was approved by Full Council in February 2012 and is available on the Council's website. It imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment.

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

The Authority’s maximum exposure to credit risk in relation to its investments in banks and building societies of £202.4m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority’s deposits, but there was no evidence at 31st March 2013 that this was likely to crystallise. Deposit protection arrangements, specifically the HM Treasury Credit Guarantee Scheme, will limit any losses that might arise.

No breaches of the Council's counterparty criteria occurred during 2012/13 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

49 Nature and Extent of Risk Arising from Financial Instruments continued

Credit Risk (cont)

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

	31/03/2012 £000	31/03/2013 £000
Less than three months	5,556	5,584
Three to six months	920	1,296
Six months to one year	941	785
More than one year	2,120	2,688
	9,537	**10,353**

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and could also borrow from the Public Works Loan Board and money markets if necessary. Currently, however, the Council does not borrow externally and there are no plans to do so. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

Principal Sum Invested at 31/03/12 £000		Principal Sum Invested at 31/03/13 £000
164,904	Less than one year	176,636
10,000	Between one and two years	25,000
174,904		**201,636**

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio, but has no long term borrowing. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved treasury indicator limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

49 Nature and Extent of Risk Arising from Financial Instruments continued

Market Risk

Interest rate risk

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

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

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

During 2012/13, all but one of the Council's investments were placed at fixed interest rates, the exception being a one-year investment of £17.5m placed on 16th May 2012 at 3-month Libid plus 0.10% (rate reset quarterly). This was placed after referring to market forecasts of future interest rate movements, which indicated very little, if any, movement. Accordingly, there is minimal exposure to movements in variable interest rates.

Price Risk

Other than its Pension Fund investments, the Council does not invest in equity shares, joint ventures or in local industry. It is consequently not exposed to losses arising from movements in share prices.

Foreign Exchange Risk

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

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. At that time, the Council had £5m deposited with Heritable, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2013, a total of 10 dividend payments had been received from the administrator, which amounted to £3,931k (77.28% of the Council's total claim of £5,087k). In line with CIPFA guidance, an impairment was actioned in 2008/09 and a part-reversal then followed in 2009/10. The administrator's latest estimate is for a recovery of between 86% and 90% of the claim sum. A further part-reversal of the original impairment (£730k) was actioned in the 2011/12 accounts, leaving a provision for potential loss of £610k (12% of the total claim sum). More details are provided in note 15 on Financial Instruments.

50 *Heritage Assets: Further Information*

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

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

Five Year Summary of Transactions
The Code requires a 5 year summary of transactions to be provided, but states that the information need not be given for any period before 1st April 2010 where it is not practicable to do so. The Council's Heritage Assets were valued during 2011 and no values were held or known before then, so it is not practicable to show transactions over the last five years. Accordingly, the accounts only record information back to 1st April 2010 (estimated values restated as at 1st April 2010 and 31st March 2011). The carrying values are shown in note 13.

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

Art Works
The Bromley Museum Group has a number of works of art, including:
- Fine Art and Ethnographic Collection comprising fine art and valuables, antique ceramic and glass, paintings, prints and drawings, sculpture and works of art. The collection has been independently valued at £162k;
- Contemporary Art Work Collection (valued at £172k);
- Mural at Orpington Hospital (valued at £10k).

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

Heritage Assets not disclosed in the accounts include the following:
War Memorials and Memorial Plaques
There are 19 war memorials, most of which include commemorative plaques, located in the borough and these are a key focal point for local communities and are maintained and enhanced as necessary for the benefit of residents of the borough.

Metrology Equipment
The Council owns various items of measuring equipment, such as scales and balances, that are estimated to have a total value of between £5k and £7k. They are in the process of being donated to English Heritage and are considered de minimus and are not included on the Balance Sheet.

Other Items
The Council owns a number of other heritage assets, including coal tax posts, listed milestones, listed water troughs and drinking fountains, other fountains, stone figures and archaeological artefacts.

The Council does not consider that reliable cost or valuation information can be obtained for these items because of their unique nature and lack of comparable market values. In the Council's opinion, it would not be practicable to obtain a valuation for these assets at a cost that would be commensurate with the benefits to users of the financial statements and they are not, therefore, recognised on the Balance Sheet.

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for the London Borough of Bromley as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the London Borough of Bromley in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. The Collection Fund is consolidated with other accounts of the Authority.

	Notes	2011/12 £000	2012/13 £000
Income			
Amounts receivable from Council Tax payers	**(1)**	158,589	160,264
Transfer from the General Fund for Council Tax benefit		19,278	19,108
Income collectable from Business Rate payers	**(2)**	79,166	82,447
Income collectable from Business Rate Supplement	**(3)**	2,431	2,421
		259,464	264,240
Expenditure			
Precepts / Demands			
- London Borough of Bromley		132,166	132,896
- Greater London Authority		41,308	41,119
Business Rates	**(2)**		
- Payments to National Pool		78,817	82,098
- Cost of Collection		349	349
Business Rate Supplement	**(3)**		
- Contribution to GLA		2,414	2,406
- Cost of Collection/Administrative Costs		17	15
Bad and Doubtful Debts / Appeals			
- Write offs		2,012	986
- Increase in bad debt provision		18	518
		257,101	260,387
Surplus for the Year		(2,363)	(3,853)
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		-	2,057
- Greater London Authority		-	643
		-	2,700
Net Movement on Fund Balance		(2,363)	(1,153)

	£000	£000
Fund Balance		
Balance at 1st April	(2,700)	(5,063)
Net movement for year	(2,363)	(3,853)
Distribution of 2010/11 Surplus	-	2,700
Balance at 31st March - deficit / (surplus)	(5,063)	(6,216)

In accordance with the statutory provisions for Collection Fund accounting, any surplus or deficit on the Fund can be transferred to Bromley and the Preceptors only in the financial year for which the budgetary provision was made. Where identified for the projected outturn it is taken into account when assessing the following years Council Tax levy. Any balance must remain on the Collection Fund and be repaid in the following year. Accordingly the 2011/12 surplus will be distributed in 2013/14 and the 2012/13 surplus will be distributed in 2014/15 as follows:

Fund Balance split into its attributable parts

	Surplus as at 31/03/2012 £000	**Distribution of 2010/11 Surplus in 2012/13 £000**	**Surplus for 2012/13 £000**	**Surplus as at 31/03/2013 £000**
London Borough of Bromley	(3,862)	2,057	(2,964)	(4,769)
Greater London Authority	(1,201)	643	(889)	(1,447)
	(5,063)	**2,700**	**(3,853)**	**(6,216)**

1 *Council Tax Base*

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

Band	Number of Properties	Multiplier	Band D Equivalent Dwellings
A	1,371	6/9	914
B	7,685	7/9	5,977
C	23,348	8/9	20,754
D	31,272	9/9	31,272
E	26,059	11/9	31,850
F	16,279	13/9	23,514
G	12,504	15/9	20,841
H	1,182	18/9	2,363
			137,485
Allowance for MOD properties, changes in exemptions, discounts and number of properties			(897)
			136,588
Estimated Collection Rate			98.15%
Council Tax Base 2012/13			134,061

2 *Business Rates*

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

The total non-domestic rateable value at 31st December 2011 was assessed by the Government's District Valuer as £215,055,808. The national non-domestic multiplier for the year was 45.8p. The income collectable for the year of £82.4m is net of revaluations, allowance for empty properties, provision for non collection, transitional and mandatory relief's as well as the part year effect of properties falling out / brought into rating during the year.

3 *Business Rate Supplements*

Business Rate Supplements (BRS) were introduced by the Business Rate Supplements Act 2009 and related regulations and statutory guidance. The Act confers powers on relevant local authorities “to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development”. The BRS only applies to businesses with a rateable value of more than £55,000. The BRS multiplier for the year was 2 pence in the pound. The income collectable for the year was £2.4m net of reliefs on the same basis and same percentage rate as for NNDR.

FORMER LRB FUND

Since 30th March 1990 Bromley has taken responsibility for the management and disposal of a number of ex-GLC properties previously administered by the London Residuary Body. Bromley is also responsible for any residual functions following the winding up of the LRB. Monies were transferred to Bromley in order to meet management, administration and disposal costs. Surpluses arising from property transactions are apportioned between the London Boroughs and distributed on 31 March each year.

Movement for year ending 31st March 2013

	Fund 1	Fund 2	TOTAL
	£000	£000	£000
Balance as at 1st April 2012	(309)	(356)	(665)
Movement in year on ex LRB functions:			
Income	(2)	(744)	(746)
Interest earnings on Fund balance	(4)	(10)	(14)
Expenditure	15	171	186
Distribution (note 1)	2	744	746
Balance as at 31st March 2013	(298)	(195)	(493)

Balance Sheet as at 31st March 2013

2012		2013
£000		£000
	Assets	
-	Debtors	-
-	Less provision for bad debts	-
668	Cash	493
668		493
	Liabilities	
309	Fund 1	298
356	Fund 2	195
3	Creditors	-
668		493

Notes to accounts

1) ***2012/13 Distribution***

In 2012/13 revenue receipts of £746,684 were received and distributed between the London Boroughs in accordance with the regulations of the transfer.

2) ***Fund 1***

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

Fund 2

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

2011/12 £000	2011/12 £000	PENSION FUND ACCOUNT	Note	2012/13 £000	2012/13 £000
		Dealings with members and employers			
		Contributions and similar payments			
5,766		Contributions - from members	5	5,483	
15,077		- from employers - normal	5	14,845	
1,714		- augmentations	5	1,357	
5,500		- deficit funding	5	5,800	
4,261		Transfers in from other pension funds (individual)		1,883	
	32,318				29,368
		Benefits			
(20,465)		Pensions		(21,994)	
(5,705)		Lump sum benefits - retirement		(4,968)	
(795)		- death		(571)	
	(26,965)				(27,533)
		Payments to and on account of leavers			
(11)		Refunds of contributions		(4)	
(1,820)		Transfers out (individual)		(2,536)	
	(1,831)				(2,540)
	(629)	**Administrative expenses**	6		(532)
	2,893	**Net (withdrawal) / addition from dealings with Fund members**			(1,237)
		Returns on investments			
8,489		Investment income	7	8,411	
1,992		Change in market value		77,023	
(1,190)		Investment management expenses	8	(1,357)	
	9,291	Net return on investments			84,077
	12,184	**Net Fund increase during year**			82,840
	489,365	Opening net assets			501,549
	501,549	**Closing net assets**			584,389

31 March 2012 £000	31 March 2012 £000	NET ASSETS STATEMENT	Note	31 March 2013 £000	31 March 2013 £000
		Investment assets	9		
120,992		Equities - UK (quoted)		120,636	
140,057		- overseas (quoted)		174,352	
	261,049				294,988
	225,778	Pooled investment vehicles (managed funds - non-property)			280,791
	12,753	Cash deposits held by investment managers			7,538
630		Other investment balances - sales		-	
(888)		- purchases		-	
	(258)				-
	499,322	Net investment assets	9		583,317
		Current assets and liabilities			
1,486		Cash		(316)	
908		Current assets - debtors	10	1,560	
(167)		Current liabilities - creditors	10	(172)	
	2,227				1,072
	501,549	**Closing net assets**			584,389

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The Actuarial present value of promised retirement benefits is disclosed in Note 12.

1 *Description of Fund*

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Bromley Pension Fund Annual Report 2012/13 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

(a) General

The London Borough of Bromley Pension Fund is part of the LGPS and is administered by the London Borough of Bromley. It is a contributory defined benefit pension scheme to provide pensions and other benefits for pensionable employees of the Council and of a range of other organisations with scheduled or admitted body status within the Fund. Teachers are not included as they are members of the Teachers' Pension Scheme, administered by the Department for Education.

The Fund is governed by the Superannuation Act 1972 and is administered in accordance with the following legislation:

- The LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- The LGPS (Administration) Regulations 2008 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009.

The Fund is overseen by the London Borough of Bromley Pensions Investment Sub-Committee.

(b) Membership

Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal pension arrangements outside the scheme.

Organisations participating in the Fund include:

- Administering Authority: The London Borough of Bromley
- Scheduled Bodies: Academies, Colleges and Foundation Schools whose staff are automatically entitled to be members of the Fund
- Admission Bodies: Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These may include voluntary, charitable and similar bodies or private contractors carrying out local authority functions after outsourcing to the private sector.

Including the Council itself, there are a total of 46 employer organisations in the Bromley Fund. The Fund's scheduled and admission bodies are as follows:

Scheduled Bodies - Academies

Balgowan Primary
Biggin Hill Primary
Crofton Infants
Crofton Junior
Darrick Wood Infants
Green Street Green Primary
Hayes Primary
Hillside Primary
Pickhurst Infants
Pickhurst Junior
Stewart Fleming Primary
St. James RC Primary
Tubbenden Primary
Valley Primary
Warren Road Primary

Scheduled Bodies - Other

Bromley College
Orpington College
Ravensbourne College

Admission Bodies

Beckenham & District MIND
Bromley Mytime
Broomleigh Housing Association
Liberata UK

Scheduled Bodies - Academies (cont)

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

Scheduled Bodies - Foundation Schools

Highfield Infant School
Highfield Junior School
Holy Innocents Catholic Primary School
Raglan Primary School
St Mary's Catholic Primary School
St Olave's & St Saviour's Grammar School
The Glebe Special School

1 *Description of Fund continued*

(b) Membership continued

The following table shows the total membership of the Fund as at 31 March 2013 and 2012.

	2012	**2013**
Members	5,040	5,065
Pensioners - widows / dependants	705	705
- other	3,923	4,026
Deferred Pensioners	4,165	4,457
Total	13,833	14,253

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31 March 2013. Contributions are also made by employers and these are set based on triennial actuarial funding valuations, the most recent of which was as at 31 March 2010. Currently, employer rates range from 14.7% to 28.8% of pensionable pay.

(d) Benefits

Pension benefits are based on final pensionable pay and length of pensionable service, summarised below:

Service pre 1 April 2008:
- Pension: each year worked is worth 1/80 x final pensionable salary
- Lump sum : automatic lump sum of 3 x salary and part of annual pension can be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum)

Service post 31 March 2008:
- Pension: each year worked is worth 1/60 x final pensionable salary
- Lump sum : no automatic lump sum, but part of annual pension can still be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum)

There is a range of other benefits provided under the scheme including early retirement, disability/ ill-health pensions and death benefits. Benefits are index-linked (using the Consumer Price Index from 1 April 2012 and the Retail Price Index up to 31 March 2012) in order to keep pace with inflation.

The LGPS benefit structure is due to be amended with effect from 1 April 2014, but the legislation governing this has not yet been made.

2 *Basis of Preparation*

The Statement of Accounts summarises the Fund's transactions for the 2012/13 financial year and its position as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector, and in accordance with the Pensions SORP.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 12.

3 *Summary of Significant Accounting Policies*

(a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the scheme actuary in the payroll period to which they relate. Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset. Employer deficit contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of an agreement, on a receipts basis.

(b) Transfers to and from other schemes

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

3 Summary of Significant Accounting Policies continued

(c) Investment Income

(i) Interest income
Interest income is recognised in the Fund account as it accrues.

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

(iii) Distributions from pooled funds
Pooled investment vehicles are accumulation funds and, as such, the change in market value also includes income, net of witholding tax, which is re-invested in the fund.

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

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

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

(f) Administrative expenses
All administrative expenses are accounted for on an accruals basis. Staff costs of the pensions administration team and management, accommodation and other overheads are charged to the Fund in accordance with Council policy.

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

(h) Financial assets
Equities traded through the Stock Exchange Electronic Trading Service are valued on the basis of the latest traded price. Other quoted securities are valued at their closing bid price.
Pooled investment vehicles are valued at either the bid price where a bid price exists or on the single unit price provided by the investment managers.

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

(j) Cash
Cash comprises cash investments placed by the Fund managers and cash held internally by the Fund.

(k) Financial liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to it.

3 *Summary of Significant Accounting Policies continued*

(l) Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As is permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits (see Note 12). A summary of the results of the last full actuarial valuation is shown in Note 11.

(m) Additional voluntary contributions (AVCs)
The Council provides an AVC scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 13.

4 *Critical Judgements in Applying Accounting Policies, Assumptions on the Future and Other Major Sources of Estimation Uncertainty*

The Pension Fund liability is calculated every three years by the scheme actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 11. This estimate is subject to significant variations based on changes to the underlying assumptions.

5 *Contributions receivable*

	2011/12 £000	2012/13 £000
Employer Contributions		
L.B. Bromley part of Fund		
L.B.Bromley - normal	10,299	9,549
- augmentations	1,714	1,357
- deficit funding	5,500	5,800
Scheduled bodies - Foundation Schools	793	425
	18,306	17,131
Other		
Scheduled bodies - normal - academies	2,712	3,745
- normal - colleges	937	808
Admission bodies - normal	336	318
	22,291	22,002
Member Contributions		
L.B. Bromley part of Fund		
L.B.Bromley	4,306	3,949
Scheduled bodies - Foundation Schools	221	117
	4,527	4,066
Other		
Scheduled bodies - academies	763	1,011
- colleges	363	306
Admission bodies	113	100
	5,766	5,483

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

6 *Administrative Expenses*

	2011/12 £000	2012/13 £000
Audit fee	35	21
Bank charges	19	28
Advice & other costs	62	59
Internal recharges	513	424
	629	532

7 *Investment Income*

	2011/12 £000	2012/13 £000
Dividends from equities	8,469	8,354
Interest on securities	20	57
	8,489	8,411

8 *Investment Management Expenses*

	2011/12 £000	2012/13 £000
Balanced mandate - Fidelity	670	677
- Baillie Gifford	520	571
Diversified Growth Fund - Baillie Gifford #	-	53
- Standard Life #	-	56
	1,190	1,357

Diversified Growth Fund (DGF) mandate inception date 6th December 2012

9 *Investments*

The investment managers are Baillie Gifford and Fidelity (managing balanced mandates comprising equities, bonds and cash) and, from 6 December 2012, Baillie Gifford and Standard Life (managing Diversified Growth Fund mandates).

The bid value of the Fund as at 31 March 2012 and 2013 was divided between the Fund managers as follows:

	31 March 2012		31 March 2013	
	£000	%	£000	%
Fidelity	229,568	45.98	215,357	36.92
Baillie Gifford - balanced	269,754	54.02	315,345	54.06
- DGF	-	-	26,533	4.55
Standard Life	-	-	26,082	4.47
	499,322	100	583,317	100

The change in market value (MV) of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles, which are accumulation funds, changes in value also include income, net of withholding tax, which is re-invested in the Fund.

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

	Value at 31/03/2012 £000	Purchases £000	Sales £000	Change in MV £000	Value at 31/03/2013 £000
Equities	261,049	81,683	(94,126)	46,382	294,988
Fixed interest	-	26,095	(26,100)	5	-
Pooled investments	225,778	95,336	(70,964)	30,641	280,791
Sub-Total	486,827	177,019	(165,090)	77,023	575,779
Cash	12,753				7,538
Other - receivable re sales	630				-
- payable re purchases	(888)				-
Total	499,322	177,019	(165,090)	77,023	583,317

9 *Investments continued*

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year totalled £388k (£308k in 2011/12). Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles, but amounts are not separately provided to the scheme.

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

	31 March 2012		31 March 2013	
	£000	%	£000	%
Fidelity - Institutional UK Aggregate Bond Fund	42,162	8.4	50,803	8.7
- Institutional Europe Fund	25,813	5.2	n/a	n/a
- Institutional Exempt America Fund	32,993	6.6	n/a	n/a

10 *Current assets and liabilities*

	2011/12	2012/13
Debtors (current assets)	£000	£000
Contributions due from employers	423	449
Investment income	480	1,106
Other	5	5
	908	1560
Creditors (current liabilities)		
Fund management fees	137	157
Pension advice fees	26	10
Other	4	5
	167	172

11 *Actuarial Position*

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme (Administration) Regulations 2008. The Fund's former actuary, Barnett Waddingham LLP, carried out a full valuation of the Fund at 31 March 2010, when its solvency level was calculated at 84%. The 2010 actuarial valuation set the level of employer contributions required to attain 100% solvency within 12 years. It set employer rates for the years ending 31 March 2012, 2013 and 2014 at an average of 14.7% and specified that lump sum past-deficit contributions of £5.5m, £5.8m and £6.1m should be made in those three years.

The next full valuation of the Fund (as at 31 March 2013) will be carried out by Mercer Ltd (the Fund's actuary since January 2013) during 2013/14. This will calculate a new deficit position and will set employer contribution rates required to recover that deficit over a period of years (to be agreed).

A significant number of schools adopted academy status during 2011/12 and 2012/13 and more are expected to follow in 2013/14. Calculations of deficit shares and contribution rates for academies are carried out individually by the Council's actuary and are set at either the same rate as the Council or at a rate sufficient to ensure that the deficit share is recovered within 12 years.

The economic assumptions employed in the 2010 valuation are shown below.

	2010 % p.a.
Increases in earnings	5.0
General Inflation	3.5
Increases in pensions	3.0
Investment return - Equities	7.5
- Gilts	4.5
- Bonds & Property	5.6
- Discount rate	7.2

12 *Actuarial Present Value of Promised Retirement Benefits*

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits (both based on IAS 19 information available as at 31st March) is shown in detail in Note 46 to the main financial statements. The figures shown in the Net Assets Statement are in respect of the Whole Fund.

The summary IAS 19 position relating to the London Borough of Bromley part of the Fund is shown below.

	2011/12	**2012/13**
	£000	**£000**
Present value of liabilities	(687,983)	(751,961)
Fair value of assets	436,617	492,134
Net Deficit in the scheme	(251,366)	(259,827)

13 *Additional Voluntary Contributions*

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2011/12 and 2012/13 and the total value of AVC Funds as at 31 March 2012 and 2013 is shown below.

	2011/12	**2012/13**
AVC contributions	**£000**	**£000**
- to Aviva	43	75
- to Equitable Life *	-	-
Total contributions	**43**	**75**

* the total contribution to Equitable Life was less than £500.

	31/03/12	**31/03/13**
Market Value	**£000**	**£000**
- Aviva	976	904
- Equitable Life	187	159
Total Market Value	**1,163**	**1,063**

14 *Nature and extent of risks arising from financial instruments*

The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 requires disclosure of the nature and extent of risks arising from financial instruments. This requirement extends to the specific risks related to Pension Fund investments. Detailed disclosures concerning these risks are included in the Pension Fund Annual Report for 2012/13 which was approved by the Pensions Investment Sub-Committee on 18 September 2013.

15 *Related Parties*

Six members of the Pensions Investment Sub-Committee during the year were active members of the scheme, but none were in receipt of a pension. A special responsibility allowance of £1,971 was paid to the Chairman of the Sub-Committee. No other payments were made for attendance at Sub-Committee meetings.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Bromley has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bromley.gov.uk or can be obtained from Chief Executive's, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2013 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The following summarises the key elements of the systems and processes that comprise Bromley's governance arrangements based upon the six core principles of good governance:

1) **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area:**

   Building a Better Bromley and being seen as excellent in the eyes of local people remains our vision.

   Building a Better Bromley provides the framework for improving the economic, social and environmental well-being and health of people who live and work in Bromley. It sets the direction and policies which other plans should help to deliver and is shared across the Council in our specific Portfolio messages and Divisional plans.

Underpinning this vision are our eight Foundation Strategies covering Asset Management; Communications; Customer Service; Finance; Human Resources; ICT; Performance Management; and Procurement. These strategies work together to deliver our vision and govern what we do. They ensure we have a clear understanding of our aims in these key areas of our business and how we will achieve these aims.

Our Corporate Operating Principles which act as an operational model for our organisation define us as a value for money, high performance and customer focused council. The Organisational Improvement Programme Board, chaired by the Chief Executive, is responsible for the successful delivery of a portfolio of projects to drive through improvements and efficiencies right across the council.

Our Portfolio Plans which reflect our Building a Better Bromley objectives set out the priorities and key actions for the year and are performance led using a range of national and local indicators.

With substantial additional savings to be made over the next 4 years and uncertainty about government funding after 2015-16 the financial situation continues to drive the future direction and work of the Council. In order to secure further financial savings 5 corporate workstreams have been developed to drive forward this work:

- Baseline Review ‘What’ services we deliver:

During the year Chief Officers, Assistant Directors and staff have produced baseline reviews of 70 Council services. These reviews have looked in detail at what a service looks like, what it currently costs and what is the minimum service in law the service has to deliver. Chief Officers also considered the level of services/standards required to reduce potential risk, mitigate community/individual service user impact and help deliver our Building a Better Bromley priorities.

- ‘How’ we deliver our services:

The Council has identified an ambitious vision as a commissioning authority, determining who is best placed to deliver high quality services based on local priorities and value for money. Bromley has a successful history of externalising services to both the private and third sector. The main delivery models being considered are:

- Direct provision
- Outsourced to the private sector
- Shared services
- Voluntary/third sector provider
- Social enterprise/community-based mutual
- Local authority trading company

We will shortly be producing a 5 year commissioning strategy which will include prioritisation and packaging of services, estimated financial benefit for various delivery models and an implementation plan. This workstream will also pick up on the work of the corporate procurement group to ensure we are procuring smartly and driving value from our existing suppliers.

- Sustainable income opportunities/economic growth:

Officers are currently investigating ways in which the authority could potentially maximise income from the various ‘incentives’ put in place by the coalition government. As part of this work a comprehensive.

review of the Council's asset portfolio is also being undertaken with a view to rationalising in order to generate capital receipts and facilitate new investment opportunities

- Significant financial variables:

This workstream, which is being lead by the Director of Finance, is concerned with managing issues that have the potential to have a significant negative impact on the council's finances.

- Organisational implications:

This workstream will consider the consequences of the other four workstreams for the organisation. For example:

- What does moving further towards a commissioning authority mean for the future structure and governance of the organisation?
- What skills will the organisation require and do we currently have them? Do we know?
- Do we have sufficient business change and transformation capacity to manage the transition? If not, how will we resource any implementation activity?

Governance will be provided by a Commissioning Board to monitor progress, challenge and make recommendations to the Executive.

As part of our structural changes there will now be three directorates: Chief Executive's (bringing together corporate support services, finance, regeneration and transformation); Education, Care and Health Services (including Public Health); Environment and Community Services (including library and leisure services and Town Centre management)

2) Members and officers working together to achieve a common purpose with clearly defined functions and roles:

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures followed to ensure that decision making is efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose. This is supplemented by a Member/Officer protocol which governs the relationship between them.

The Council's decision making structure is divided between executive and non-executive matters. Executive duties are carried out by an Executive body of six Councillors with specific Portfolio responsibilities, chaired by the Leader of the Council. Non-executive duties are performed by the Development Control Committee and the General Purposes Committee. Six Policy Development and Scrutiny (PDS) Committees discharge the overview and scrutiny functions of the Local Government Act 2000.

The Leader appoints the Executive, and decides Portfolio Holder arrangements and responsibilities and agrees any formal delegation of various powers to the Council's Chief Officers and their staff.

During the year the Constitution Improvement Working Group produced its Fourth Report having considered issues arising from the Localism Act 2011 and other matters including options to revert to a committee system of governance, streamlining routine Portfolio Holder decisions and enhancing the role of full Council meetings. In accepting the majority of the recommendations contained in their report the full Council agreed to retain the existing Leader and Executive model.

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

The Director of Finance (as Section 151 Officer) is responsible for the proper administration of the Council's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. Bromley's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010).* The Director of Finance performs the role of Chief Financial Officer.

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

Internal Audit is responsible for conducting audits, using a risk based approach, to highlight any weaknesses throughout the Council. Bromley's assurance arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Head of Internal Audit (2010).*

3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:

Bromley has adopted a number of codes and protocols that govern both Member and Officer activities which are communicated as part of the induction process and made available via the intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.

Although the Localism Act 2011 removed or changed a number of existing arrangements relating to the standards regime the Act still required authorities to promote and maintain high standards of conduct. It is mandatory that each local authority adopts a Code of Conduct dealing with the conduct that is expected of Councillors and co-opted members when acting in that capacity.

Following a review by the Constitution Improvement Working Group, full Council adopted a new Code of Conduct with effect from 1 July 2012 based on the model code produced by the Department of Communities and Local Government. The Code retains (i) the need to register all interests presently registered, (ii) to register any changes within 28 days and (iii) to register gifts and hospitality above the existing £25 threshold.

The Code of Conduct is consistent with the following principles:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty; and
- Leadership

The Council also agreed to retain a Standards Committee with new terms of reference. Whilst the Act removed the statutory basis for independent members it did replace them with a new role - the Independent Person. They must be consulted by an authority before it makes a decision on an allegation of misconduct by a Councillor that it has decided to investigate or before it decides on action to be taken in respect of that Councillor. Three independent members of the 'old' Standards Committee have been appointed as Independent Persons under the Act for an interim period of up to one year.

The Council's confidential reporting code 'Raising Concerns' sets out how employees and contractors working for the Council on council premises can report their major concerns about any aspect of the Council's work including concerns about Members of the Council. This is designed to enable people to raise concerns without fear of victimisation, subsequent discrimination or disadvantage. The code is widely publicised via posters, internal newsletters, the intranet and on the Council's website.

Arrangements are in place for receiving and investigating complaints from the public under the Council's 'Getting it Right' procedures - how to complain, make a suggestion or pay a compliment about a council service. There are separate procedures in place for complaints about children's social care, social care and housing (including a guide for people with learning difficulties) and complaints about schools. Leaflets and forms are available from enquiry points and libraries. Information is also available on the Council's website. The Chief Executive and Director of Corporate Services monitor how complaints are handled within departments.

4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:

The Director of Corporate Services (as Monitoring Officer) reviews and updates the constitutional framework including Rules of Procedure and Standing Orders (which regulate meetings of the Council) and the Scheme of Delegation (which sets out formal delegation of various powers to the Council's Chief Officers and staff) on a regular basis reporting to full Council.

The Director of Finance (as Section 151 Officer) likewise reviews and updates Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters), which are incorporated into the Constitution. Financial Regulations are one of a set of management documents which collectively control and co-ordinate the financial affairs of the Council.

The scrutiny function provided by the six Policy Development and Scrutiny (PDS) Committees continues to provide constructive challenge leading to better and more robust decisions.

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

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit including fraud and risk. The Committee is independent of the Executive and scrutiny functions.

Following a recommendation from our external auditors PricewaterhouseCoopers LLP the Chair of the Audit Sub-Committee and the Head of Audit carried out a review of the effectiveness of the Committee using a CIPFA checklist. The review confirmed the effectiveness of the Committee with very few action points.

We continue to operate a very successful Fraud Partnership with the London Borough of Greenwich building on our Anti-Fraud and Corruption Strategy. Outcomes are reported to Audit Sub-Committee.

The Bromley Borough Resilience Forum has a statutory duty to facilitate co-operation and information sharing at a borough level between agencies responsible for co-ordinating, planning and endorsing an effective emergency response and recovery to major events and incidents within the borough. The Forum reports to the Safer Bromley Partnership Strategic Group.

Within the Council our procurement policy already requires Business Continuity plans to be part of any tendering process. We continue with our programme of table top exercises at a departmental level and in November 2012 one was undertaken by Environmental Services using external consultants testing a variety of scenarios which could potentially cause disruptions to their service delivery.

5) Developing the capacity and capability of Members and Officers to be effective:

Corporate training provision is reviewed each year to ensure that the learning and development opportunities on offer reflect the key priorities of the organisation; supporting staff to develop a good mix of skills and knowledge so that they are able to perform effectively in their current job and are able to tackle the many changes facing local government.

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

There are three main programmes; Training for All, Adult Care Services Training and Safeguarding and Social Care Training. Increasingly we are using web based self assessment training as this is more convenient and the effectiveness of the training can be monitored.

Specific training for Members targets key policy issues and areas of current interest. This is supported by a dedicated Member Development site on the intranet. In June 2012 the Director of Finance organised a Financial Seminar to keep Members informed of the general financial situation affecting the Council and the changes in local government finance and health provision.

IT training is delivered in partnership with Bromley Adult Education College.

Officers also have access to external workshops and seminars via our membership of organisations like CIPFA.

6) Engaging with local people and other stakeholders to ensure robust public accountability:

We continue to review how we can improve our channels of communication with all sections of the community and other stakeholders. Increasingly Bromley is using social media sites like Twitter and Facebook to provide information and links to upcoming events. Besides the main Council website, Bromley MyLife is the adult social care website. It provides information and advice should someone need help due to illness, age or disability, enabling them to keep their independence.

Council meetings are held in public and agendas and report packs are made available in advance. Most meetings start at 7pm and there are some daytime meetings. There is a facility to set up daily email alerts on key words or topics.

The Council held four public meetings in November 2012 as part of the 2013/14 budget consultation under the title 'More tough choices - your council into the future'. Consultation papers were also sent to local business representatives for their views and comments including the 20 largest business ratepayers in the Borough. In addition, prior to finalising the schools budget the Children and Young People Portfolio Holder consulted Head Teachers, Governors and the Schools Forum.

Other consultations this year included a Health and Wellbeing survey of 11-18 year olds as part of the Public Health Report, and proposals to expand several schools. Departments also use surveys to ensure that services are being delivered efficiently and effectively.

The Council operates a Petition Scheme whereby any person who lives works or studies in the borough of Bromley can submit a petition. Once a petition has been validated a response will normally be sent back within 10 working days. All petition responses are published on the Council’s website. The Council's own e-petition facility has been withdrawn as this had only been used once in two years and was no longer a statutory requirement.

Given the increasing numbers of Freedom of Information requests, an online form has been introduced to channel requests to the right departments so that enquiries can be dealt with as quickly and efficiently as possible. Previous requests and answers are now published on the Council's website.

Bromley works in partnership with many local organisations representing the views of residents and the public, private and voluntary sectors.

The Borough Officers’ group meets on an informal basis to monitor and direct the work of the main thematic partnerships. The group is chaired by the Chief Executive and includes representatives from the emergency and health services and the voluntary sector.

The thematic partnerships (Bromley Children and Young People; Health, Social Care and Housing; Safer Bromley and the Bromley Economic Partnership) hold open meetings and agenda papers and minutes are published on the Council website and/or the Bromley Partnership website. The meetings receive reports from other key strategic partnerships and the main partnerships themselves. Terms of reference and governance arrangements are in place. The partnerships are subject to scrutiny by the relevant PDS Committees.

Following the creation of a single department for Education and Care Services a review was jointly commissioned by the Care Services and Education Portfolio Holders of partnership arrangements that were supported (either financially or with other resources) by the department. The review will ensure that partnership arrangements are fit for purpose, provide best value for money, remove duplication and are outcome focused. As a result new arrangements are due to come into place in September 2013.

During the year Bromley entered into a shared service with the London Borough of Bexley for their Libraries service. Following this success both boroughs are establishing a shared Parking Service with effect from April 2013. These are both formalised by Collaboration Agreements which detail the joint working and governance arrangements for the services between the two councils.

The principle of sharing services is that, by combining services across the boroughs, there is the potential for management costs and other overheads to be reduced without affecting the delivery of the front-line service.

Review of Effectiveness

Bromley has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team comprising directors and assistant directors within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report, the Policy Development and Scrutiny annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

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

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

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

Council Framework

We continue to operate with a Leader and an Executive. The Leader personally controls all decisions about the Council's executive functions. He can then choose whether to make all decisions personally, or to make arrangements for others to do so.

The Executive contains the Leader and six Members each responsible for a portfolio. Each Portfolio Holder annually outlines, in a portfolio plan, their aims and what they will be doing towards achieving their goals and their performance targets.

The full Council is responsible for adopting the authority's Constitution and Members' code of conduct and for approving the budget and policy framework within which the Executive operates.

Chief Officers are responsible for ensuring that Members are advised of the financial implications of all proposals liaising as necessary with the Director of Finance. In addition they are responsible for promoting sound financial practices in relation to the standards, performance and development of staff in their departments.

Policy Development and Scrutiny Committees

Six Policy Development and Scrutiny (PDS) Committees have a key role in contributing to policy development and scrutinising the decisions of the Executive and individual Portfolio Holders. Although they have no decision making powers, they advise Portfolio Holders, the Executive and full Council on policies, budgets and service delivery. PDS Committees can commission groups of Councillors to review an issue or policy so assisting a Portfolio Holder or the Executive to improve a service or local function affecting local people.

Full Council has accepted recommendations from the Constitution Improvement Working Group to allow more routine decisions to be made without formal scrutiny where the PDS Committees and Portfolio Holders are in agreement, subject to the proposed decision being emailed to all Members in advance. Any Member may then request that a matter be referred to the relevant PDS Committee before a decision is taken.

PDS Committees monitor the performance of services and functions within their remit, assessing performance against key performance indicators and policy objectives. Concerns are reported to a Portfolio Holder who can then, if necessary, be called to a PDS Committee meeting to account for the performance of his or her Portfolio.

They are also involved in the budget setting process and provide comment and recommendations for the Executive to take account of when formulating the Council's annual budget. Similarly, PDS Committees monitor in-year spend of budgets and raise concerns where there is a possibility of overspend or other issues affecting spending priorities.

The call-in process is a key means by which PDS Committees can hold the Executive to account. Any five Councillors can call-in a decision and prevent it from taking immediate effect until it has been considered by a PDS Committee. The Committee can then interview the Portfolio Holder and officers and consider whether the decision was appropriate, within the Council's policy framework, and whether it should be reconsidered. If the Committee feels that the decision should have been reversed or altered, it can make a recommendation to the Executive, which then has to reconsider the matter.

The Executive and Resources PDS Committee has an over-arching, coordinating role on behalf of the other five PDS Committees and provides an Annual Report to full Council summarising the work that has been carried out during the year.

The Committees are supported by the statutory Scrutiny Officer who also provides support and guidance to other Members on the functions of overview and scrutiny.

Internal Audit

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

An Annual Audit Plan is used to map out the cyclical coverage of fundamental financial systems and other audits. The plan is based on the identification of the Council's systems and activities to be audited, each assessed for risk. Work relating to prevention and detection of fraud and corruption is integrated into this audit planning process. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. In addition all significant weaknesses are reported to Audit Sub-Committee and followed-up until recommendations are implemented. The supporting summaries of audit reports help inform the overall assessment of internal controls.

The Head of Internal Audit is empowered to report any matter of concern directly and independently, to the Chief Executive, the Chairman of Audit Sub-Committee or the Leader of the Council, if necessary.

In his Annual Report to Audit Sub-Committee the Head of Internal Audit confirmed that 'my overall opinion on the control environment based on the internal testing and reviews undertaken is that I am able to place overall reliance on the internal controls identified and where there have been significant issues highlighted provide assurance that corrective management action has been or will be taken to mitigate the risks. Over the past year there have been investigations that highlighted a number of weaknesses but specifically in officers' understanding of financial regulations and contract procedure rules. These have been addressed by mandatory training of over 350 officers involved in the finances of this authority. This process is to be further augmented by the launch of a web based training package in financial regulations and contract procedure rules that is mandatory for any officers involved in the finances of this authority. I can confirm that adequate action plans have been agreed for all areas of identified weakness and Internal Audit will continue to apply close scrutiny to ensure that all current priority control weaknesses are addressed by management.'

In 2010 CIPFA issued their Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Statement sets out five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit. We confirm that the Head of Internal Audit meets these requirements.

External Inspections

In their *Report to those charged with governance 2011/12 Audit* published in August 2012, the external auditors PricewaterhouseCoopers LLP reported that:

- 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. As auditors, we review these arrangements for the purposes of our audit of the financial statements and our review of the annual governance statement.

  No significant issues were identified which require the attention of the General Purposes and Licensing Committee.

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

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

Ofsted - Inspection of local authority arrangements for the protection of children
Rated Adequate

The report was considered by the Executive on 12 September 2012 because of the importance the Council places on its responsibilities for safeguarding children. A detailed plan has been developed to address the areas for improvement.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Risk Management Group, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

Last year we identified the following governance issues:

1. Our capacity to continue to make budget savings and maintain frontline services:

We have continued to make the necessary budget savings without impacting on frontline services. However, this remains an issue going forward and is included in the table below.

2. Changes to the Council's structures and processes arising from the Localism Act 2011:

The Constitution Improvement Working Group's recommendations were reported to full Council in June 2012, when a new standards regime and Councillor Code of Conduct was agreed, and in November 2012, when full Council decided to retain the Leader and Executive system of governance and made a number of small changes to the Constitution.

3. Training needs of officers involved in the finances of the authority:

Mandatory training for some 350 budget holders on financial regulations and contract procedure rules completed. Financial Regulations updated and Contract Procedure Rules - quick guide issued. Additional training for new e-procurement system provided.

New governance issues:

Governance Issue	Actions
Capacity to make further budget savings and maintain frontline services	We continue to review and scrutinise our services to increase efficiencies and identify potential savings, and retain four year forward planning, despite the uncertainties on future funding.
Decision to become a Commissioning body	A six months Commissioning Programme covering ten services has been developed with a target date of Aug 2013 onwards for implementation and delivery.
Integration Shared Services	Parking Services to provide a progress report to Environment PDS Committee in Oct/Nov 2013 along with an analysis of any opportunities for further outsourcing.
Integration Public Health	A pre-integration check by Internal Audit stated that this was progressing satisfactorily.
Welfare reform agenda	Ongoing process covered by Internal Audit plan for 2013/14.
Localised pay and conditions – the Council has withdrawn from National Terms and Conditions of Service with the majority of staff having accepted new contracts	The members of staff who have not signed are subject to a 45 day ‘dismissal and re-engagement’ consultation process to be followed by a statutory notice period.

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

Signed……………………………..

Chief Executive

Date 11.06.2013

Signed……………………………..

Leader of Council

Date 18. 6. 2013

GLOSSARY OF TERMS

Accounting Policies
The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary
An independent consultant who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses
Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

Agent is where the Council is acting as an intermediary.

Balance Sheet
A statement showing the position of the Council's assets and liabilities as at 31st March in each year.

Billing Authority
A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its areas. Bromley is a billing authority.

Budget
A forecast of the Council's planned expenditure. The level of the council tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Adjustment Account
This reserve includes amounts set aside from either revenue resources or capital receipts to fund the acquisition of fixed assets.

Capital Charges
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt
The proceeds from the sale of a fixed asset.

Carrying amount
Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Change in Accounting Estimate
Is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

Collection Fund

Statutory account showing transactions in relation to collection of Council Tax, administration of National Non-Domestic Rates and contributions made to the General Fund of Bromley Council and the GLA.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax

A local charge (or charges set by the council and the GLA) in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge (poll tax) on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Benefit

An income related benefit designed to help people on low income to pay their council tax.

Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Asset

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

Current Expenditure

A general term for the direct running costs of local authority services, including employee costs and running expenses.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Current Service Cost

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

Debtors

Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

Deferred Capital Receipts

These result mainly from loans to Housing Associations plus outstanding loans in respect of past sales of Council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long-term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

Demand on the Collection Fund

Represents the amount calculated by the council or the GLA to be transferable from the council's collection fund to its general fund.

Depreciation

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves

Reserves set aside for a specific purpose or a particular service or type of expenditure.

Employee benefits

Are all forms of consideration given by an entity in exchange for service rendered by employees.

Events after the reporting period

Are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

Fixed Assets

Tangible assets that yield benefit to the local authority and its services for a period of more than one year.

Formula Grant

The main channel of government funding which includes re-distributed Business Rates and Revenue Support Grant. There are no restrictions on what local authorities can spend it on.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Greater London Authority

A strategic authority for London created on 3rd July 2000.

Historical Cost

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Housing Benefit
Financial help given to local authority or private tenants whose income falls below prescribed amounts.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets
Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths, bridges and sewers.

Intangible Assets
An intangible asset is an *identifiable* non-monetary asset without physical substance. It must be *controlled* by the authority as a result of past events, and *future economic or service benefits* must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Inventories
Are assets:
a) in the form of materials or supplies to be consumed in the production process
b) in the form of materials or supplies to be consumed or distributed in the rendering of services
c) held for sale or distribution in the ordinary course of operations, or
d) in the process of production for sale or distribution.

Investment Property
Is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:
a) use in the production or supply of goods or services or for administrative purposes, or
b) sale in the ordinary course of operations.

Levies
A payment that a local authority is required to make to a particular body (a levying body) to meet London wide services. Levying bodies include the London Pensions Fund Authority, London Boroughs Grants Committee, Environment Agency and Lee Valley Regional Park.

Material
Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NNDR - National Non Domestic Rates
A flat rate in the pound set by Central Government and levied on businesses in the Borough. The money is collected by Bromley and then passed to Central Government who reallocate the income via Formula Grant to all Councils. NNDR are a means by which local businesses contribute to the cost of local authority services. They are also known as business rates.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributable Costs

These include overheads for which no user benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

Non-Operational Assets

Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost

The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Pensions Interest Cost

The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Post-Employment Benefits

Are employee benefits (other than termination benefits) which are payable after the completion of employment.

Present Value of a Defined Benefit Obligation

Is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Provision

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

Recharges

The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

Recoverable Amount

Of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

Related Parties

Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other party; or
(ii) the parties are subject to common control from the same source; or
(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction

Is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation Reserve

This reserve records accumulated gains on fixed assets arising from periodic asset revaluations.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred that may be capitalised under statutory provisions but that does not add value to the Council's fixed assets.

Revenue Support Grant - RSG

A general grant which replaced rate support grant in 1990-91. Now distributed as part of the Formula Grant.

Ring-Fenced Grants

These grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

Sales, Fees and Charges

Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees.

Short-Term Employee Benefits

Are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

Soft Loans

Loans made at less than the prevailing rate of interest and which consequently involve subsidisation of the borrower.

Specific Grants

These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

Statutory Revenue Provision
A prudent amount charged to the revenue account to provide for the repayment of debt.

Tangible Fixed Assets
Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Tax Base
The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates entitlement to Formula Grant.

Usable Capital Receipts Reserve
This reserve records receipts from fixed asset disposals that are available to finance capital expenditure.

Useful Life
The period over which benefits will be derived from the use of a fixed asset.

VAT
Is an indirect tax levied on most business transactions and on many goods and some services.

- Input Tax is VAT charged on purchases.
- Output Tax is VAT charged in sales.