2020/21 Statement of Accounts

These accounts are subject to audit

Bromley
THE LONDON BOROUGH

Contents

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This Narrative Report provides information about the key issues affecting the Council and its accounts. It also provides an explanation of the Financial Statements and a summary of financial performance in 2020/21.

Introduction to the London Borough of Bromley

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

Our population (ONS estimate – mid 2020) is 332,752 and there are 246,602 people on the electoral roll. In 2020/21 the total number of 'Band D equivalent' properties was estimated at 132,026 and the number of business properties at 7,436.

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

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

Our officer and political structures are all aligned to deliver this vision through our portfolio plans. Looking ahead, we will continue to build on this framework and our future plans will be supported by our Transformational Review.

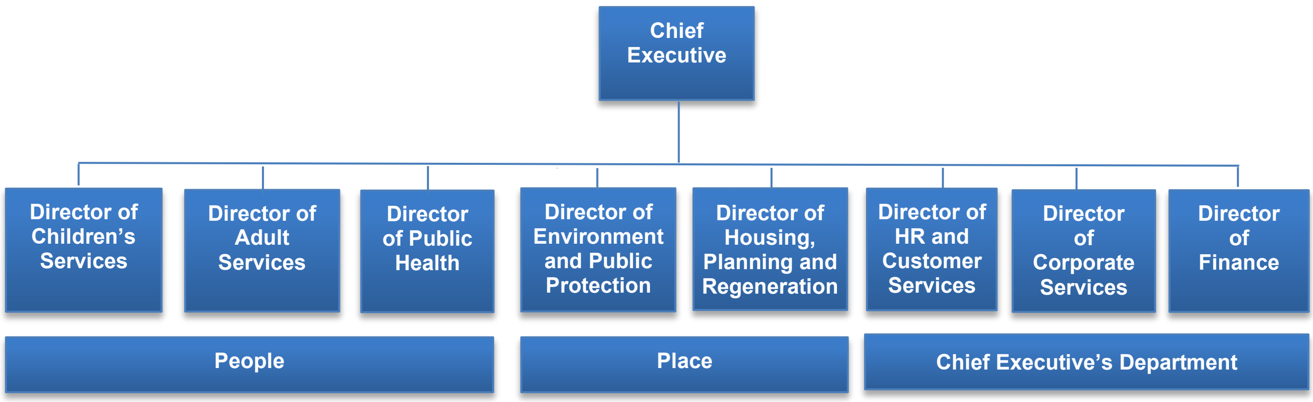
Council Structure

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

Management Structure

Supporting the work of Councillors is the organisational structure of the Council led by the Chief Executive. Chief Officers have a strategic role, advising Councillors on their areas of particular expertise and contributing to the overall leadership of the Council. They also have a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service and making the most effective use of departmental resources to achieve that goal.

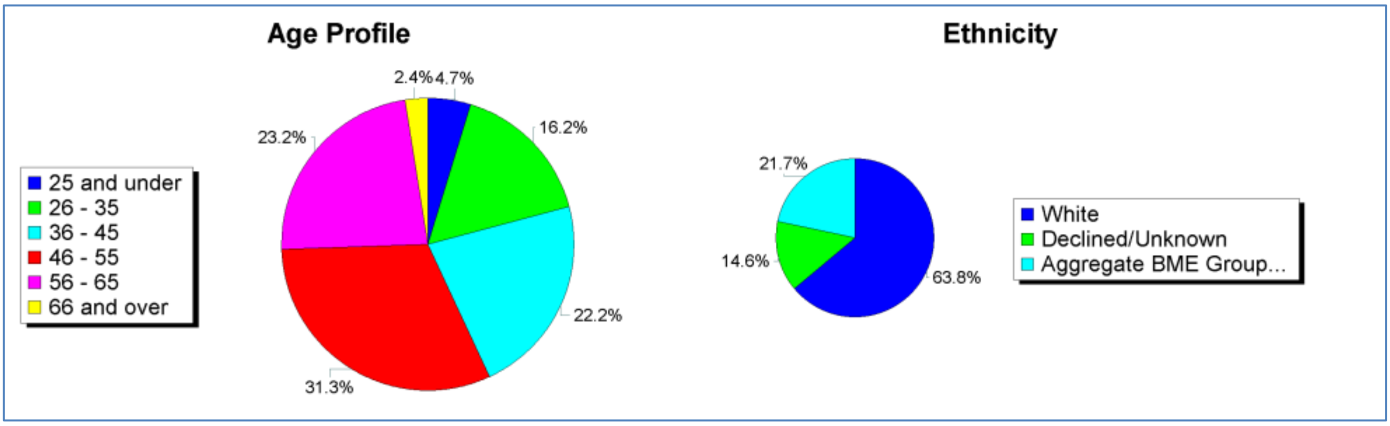
During 2019 a review of the corporate leadership structure was undertaken to better enable and support the successful delivery of the Transforming Bromley Programme. This resulted in a reconfigured management structure which is shown on the following page

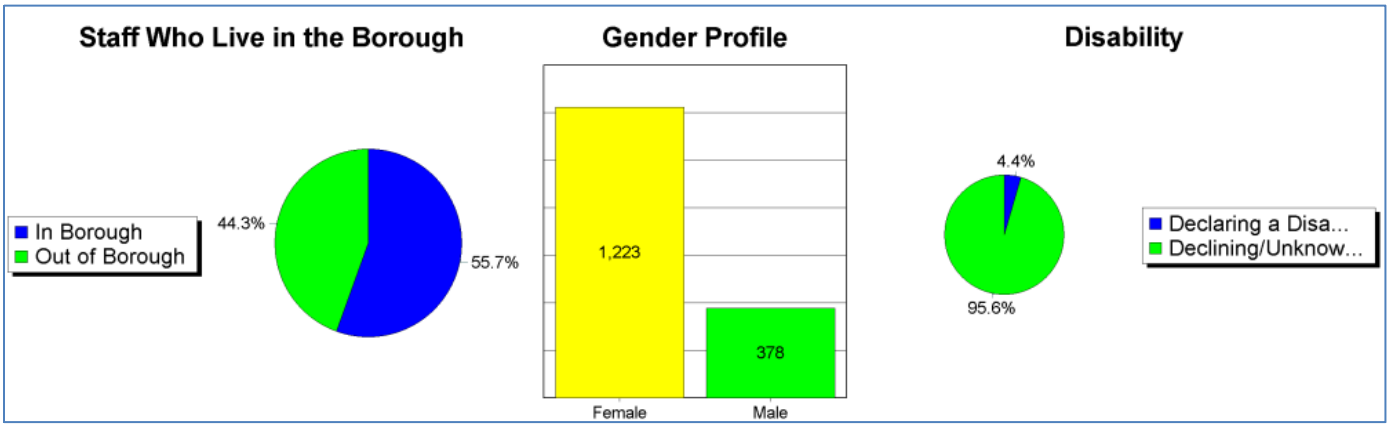


Bromley Workforce

As at 1 October 2020, the Council employed 1,601 people on full and part-time contracts equating to a full-time equivalent of 1,386.

The make-up of the workforce is as follows:





Key Services

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

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

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. This sets out the Council's income and expenditure for the year and its financial position at 31st March. The format and content is prescribed in the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and comprises core and supplementary statements together with supporting disclosure notes.

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

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

Core Financial Statements:

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

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

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

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

Supplementary Statements:

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

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

Pension Fund – shows the contributions made to the Fund and the benefits paid to pensioners in 2020/21. The Net Asset Statement sets out the position of the Fund as at 31st March 2021. The Council's Pension Fund is part of the Local Government Pension Scheme (LGPS).

Financial Performance in 2020/21

Revenue Expenditure

The 2020/21 outturn position is summarised in the table below:

	Budget £m	Actual £m	Variation £m
Net expenditure	216.031	214.894	(1.137)
Funded by:			
- Grants, Council Tax and Business Rates	(214.966)	(214.894)	0.072
- Carry forwards from 2019/20	(1.065)	-	1.065
Variation in General Reserves	-	-	-

The 2021/22 Council Tax report identified the latest financial projections and future year budget gap due to the impact of inflation, service cost pressures and ongoing significant reductions in government funding. Further details were reported in the '2021/22 Council Tax' report to the Executive in February 2021.

The 2020/21 outturn identifies variations in departmental expenditure and the Council's central contingency sum. In addition, there are higher returns from changes to the Council's investment strategy. Underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and meeting income targets. This financial position enables the Council to be ‘better placed’ to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

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

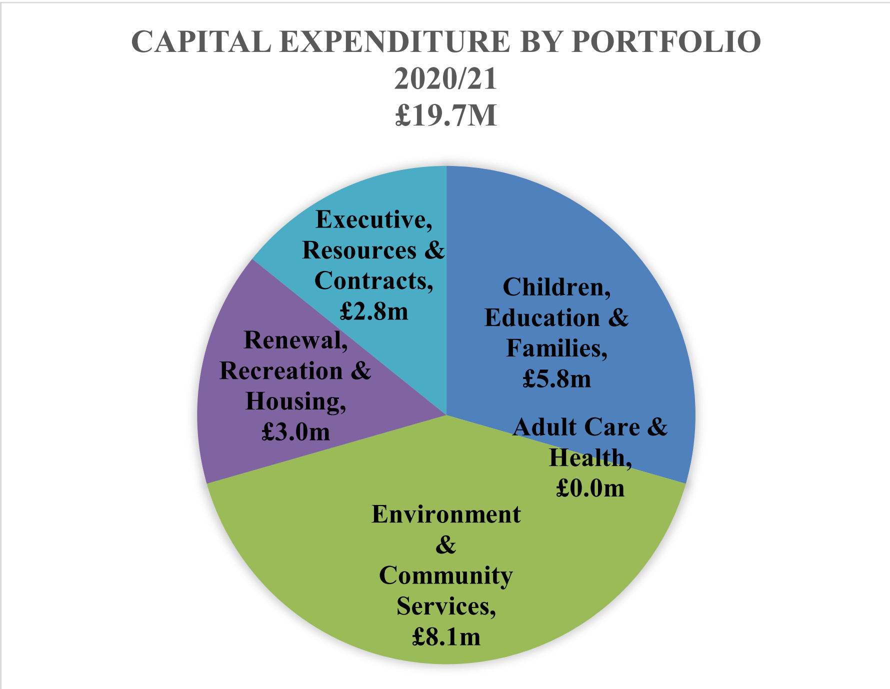
Further details of the variations in 2020/21 were reported on the 30th June 2021 and are available through: Executive 30th June 2021

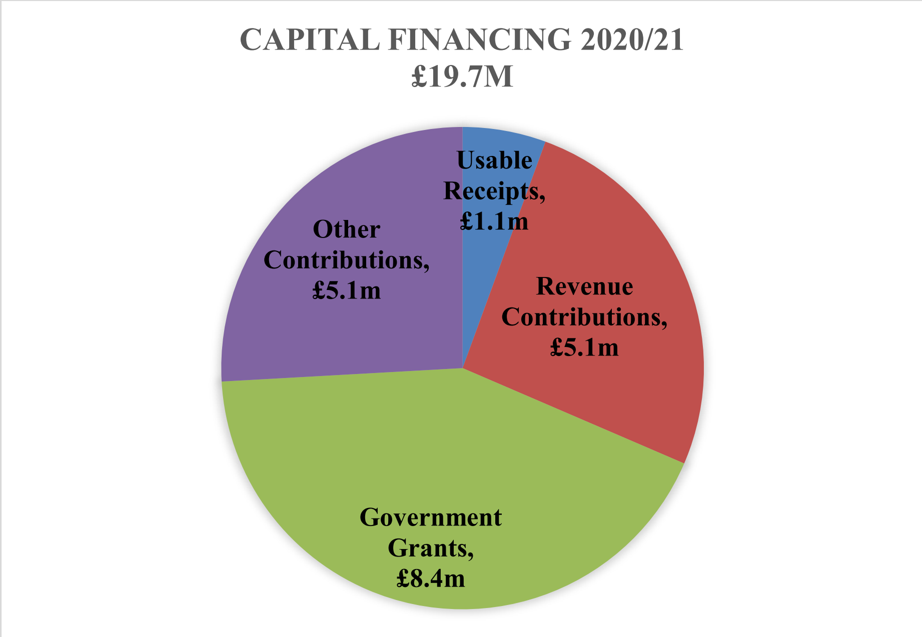
Capital Expenditure

Capital expenditure totalled £19.7m compared with the final approved estimate of £46.0m. Capital expenditure was fully financed from Government grants, other external contributions, revenue contributions and capital receipts without recourse to general reserves.

The Council generated new capital receipts of £1.9m in 2020/21 and, during the year, £1.1m of receipts were applied to finance capital expenditure.

Further information can be found in charts below and also in the Capital Programme Outturn reported on the 30th June 2021 and are available through: Executive 30th June 2021





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Investments

At the year end, the Council held significant investments totalling £380.1m (principal sum). These investments generated net income of £5.14m in 2020/21 to support the revenue budget. The investments represent the Council's general and earmarked reserves, provisions and net working capital.

Pension Fund

During 2020/21 the net assets of the Pension Fund increased by £326.5m (32.4%) with the majority of this increase attributable to the performance of the Fund's investments. The underlying assets and liabilities of the Fund for retirement benefits earned by Bromley employees past and present are required to be recognised on the Council's Balance Sheet; and as at 31st March 2021, this was a Net Pension Asset of £30.8m (£92.7m liability as at 31st March 2020).

Strategic Risks and Governance

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

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

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

- Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget
- Failure to deliver partial implementation of Health and Social Care Integration. Plans not in place to deliver partial integration by 2020

- Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met
- Ineffective governance and management of contracts
- Failure to maintain and develop ICT information systems to reliably support departmental service delivery
- Failure to maintain robust Business Continuity and Emergency Planning arrangements
- Failure to deliver effective Children's services
- Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets
- Failure to deliver the Transforming Bromley Programme
- Impact of Covid-19 on Service Delivery.

Further detail, including the cause, impact and controls in place to mitigate the risk are set out in the individual risk registers. The Corporate Risk Management Group also assists in the co-ordination of the review and development of the Annual Governance Statement (AGS). As a result of our annual review, three areas have been identified where further work is required to monitor how the key risks facing the Council are being managed:

- Finance: A balanced budget for 2022/23 has been achieved through the Transformation Savings Programme, an improved financial settlement from Government and continuing with prudent financial management. This has been achieved despite higher levels of inflation, the medium term impact of the pandemic, ongoing growth/demographic cost pressures and the national insurance employer's increase. There remains a "budget gap" of £4.3m in 2023/24 rising to £19.5m per annum in 2025/26. The projections assume mitigation and transformation savings of £17.7m in 2022/23 rising to £29.9m by 2025/26. The projections from 2023/24 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate changes are now expected to be implemented from 2023/24 or future years – the outcome, including the impact on individual councils, is still awaited. The Government has not provided specific funding support to address the medium and longer term impact of the Covid 19 pandemic ('new normal') and there remains a significant risk that there will be a further funding shortfall from the Adult Social Care Reforms (capping of care costs and fair cost of care).

- Valuation of Fixed Assets: Issues have been identified relating to the methodologies used for accounting and the valuation of fixed assets for reporting in the Council's 2019/20 Statement of Accounts.

- Impact of Covid-19 pandemic on service delivery: Despite the many challenges presented by the COVID-19 pandemic, the Council has delivered some key achievements through our COVID-19 response programmes and our business-asusual work, including a balanced budget for 2021/22. The pandemic has highlighted a number of long-term challenges that we will need to continue to address. In particular, we will continue to face ongoing cost pressures on the organisation which will need to be locally managed, particularly with regard to social care provision and our ongoing local contact tracing response. However, there are also a number of potential opportunities for greater partnership working, particularly with the voluntary and community sector, that will form part of our recovery planning approach. Our work this year will be critical not only for our ongoing response to the pandemic supporting Bromley's residents, but also our commitment to the delivery of the Transformation Programme, as well as managing growth and delivering budget mitigations as part of our long-term financial management strategy.

These areas will require attention over the next year to ensure they are operating effectively and risks are mitigated. The Annual Governance Statement is published with the Statement of Accounts.

Medium Term Financial Strategy (MTFS)

The draft 2020/21 budget and MTFS to 2023/24 was approved by Executive on 15th January 2020 and set the framework for the Council to address the significant financial challenges not only for 2020/21 but going forward into future years. It was envisioned that there would be a spending review in 2020, resulting in a new multi-year settlement from 2021/22, however the Provisional Local Government Finance Settlement 2021/22, published on 17th December 2020, represents a one year settlement only. The longer-term Spending Review has been postponed until 2021. The outcome of the Fair Funding Review and Devolution of Business Rates, which could have a significant impact on future funding, have been delayed by one year until at least 2022/23.

The Council's budget strategy has to be set within the context of a reducing resource base or at the very least cost and demographic pressures not being matched by Government or other external funding with potential ongoing Government funding reductions in real terms, although at a lower level compared with previous years. There remains an on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap which could increase further.

In considering options required to address the medium term budget gap, the Council has taken action to reduce the cost base while protecting priority front-line services and providing sustainable longer term solutions. Although it has been possible to achieve a broadly balanced budget for 2021/22 through identifying savings and continuing with prudent financial management, there remains a significant budget gap by 2023/24. There will be considerable challenges as the Council is a low cost authority and the position will need to be regularly reviewed.

One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have enabled the Council to provide a potential balanced budget for 2021/22. There will be significant challenges as the Council is a low cost authority and the position will need to be regularly reviewed particularly as there are risks relating to inflation and further cost pressures/new burdens.

There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government's 'Fair Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until 2021/22 whilst funding reductions, in real terms, for local government are expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the MTFS remains essential to ensure that any future service changes are managed effectively.

Options Being Undertaken with a "One Council" Approach

The Council continues to face ongoing funding reductions and there remains uncertainty around future funding from 2021/22 following the awaited outcome of the Government's 'Fair Funding' review. The Government assumption remains that cuts in funding will be partly offset by an increase in taxation receipts generated by council tax (including social care precept) and business rates. There are also clear benefits to explore opportunities to increase the council's business rate base through economic development, identify invest to save opportunities as well as realise investment income as shown below:

- Community Infrastructure Levy (CIL) – expected to commence in the middle of 2021 with potential income of around £0.5m in the first year, rising to around £2.7m per annum by 2023/24.
- Localisation of Business Rates – recent developments will help contribute towards the Council's business rate share income.
- Asset Review – seeking to grow the Council's net investment income by re-phasing the investment portfolio to improve returns and income growth prospects and adopting a more commercial approach to managing rents and service charge recoveries.
- Growth Fund - ring-fenced funding to support growth initiatives and economic development.
- Investment Fund - used primarily for property investments to enable the achievement of sustainable investment income. Further utilisation will be prioritised for housing investment and regeneration investment.
- Investment Income - a diverse range of investments generates a higher level of income whilst managing the Council's exposure to risk.
- Housing - the development and/or acquisition and refurbishment of affordable accommodation in order to mitigate the increased cost pressures on temporary accommodation budgets.
- Review of Fees and Charges - ongoing review to determine whether charging levels remain appropriate.
- Invest to Save - to fund initiatives that deliver ongoing revenue savings.
- Procurement - identifying opportunities for contract savings.
- Commissioning Authority - identifying options for the most effective service delivery models, identifying future changes and mitigation options for addressing cost pressures and demographic pressures.
- Managing Rising Demand - ensuring there is a focus on outcomes rather than service delivery, including more collaborative working with other public agencies.
- Health and Social Care - integration will help protect social care and provide more effective services to people in the community. Opportunities will be explored including the pooling of resources if it enables better opportunities for value for money, economies of scale and streamlining processes.
- Identifying Further Savings - including baseline reviews, identification of statutory and non-statutory functions and opportunities for further savings and income opportunities.
- Core Statutory Minimum Requirements – to determine what the Council can afford within its overall budget envelope. There may also be opportunities to reduce costs through ensuring value for money is realised and the best method of service delivery and outcomes are achieved.
- Transformational Review – including opportunities for partnership working, collaboration, reviewing the approach to managing risks, use of technology and community based place shaping.

Further Information

Further Information about the accounts is available from:

Head of Corporate Finance and Accounting
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley, BR1 3UH

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

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts and its Pension Fund 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 19 to 130 give a true and fair view of the financial position of the Authority as at 31st March 2021 and of its income and expenditure for the year ended 31st March 2021.

Peter Turner
Director of Finance
11th August 2023

EXPENDITURE AND FUNDING ANALYSIS

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

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
71,822	706	72,528	Adult Care and Health	77,119	(10,426)	66,693
63,493	1,935	65,428	Education, Children & Families	59,788	1,092	60,880
38,078	(1,614)	36,464	Environment and Community	40,203	(530)	39,673
3,991	76	4,067	Public Protection & Enforcement	3,845	(13)	3,832
33,835	(7,299)	26,536	Renewal, Recreation and Housing	21,598	2,439	24,037
38,214	(16,783)	21,431	Resources, Commissioning and Contracts Management	22,676	(1,125)	21,551
249,433	**(22,979)**	**226,454**	**Net Cost of Services**	**225,229**	**(8,563)**	**216,666**
(267,352)	71,060	(196,292)	Other Income and Expenditure	(327,293)	55,097	(272,196)
(17,919)	**48,081**	**30,162**	**(Surplus) / Deficit on Provision of Services**	**(102,064)**	**46,534**	**(55,530)**

2019/20		2020/21
(169,606)	Opening General Fund Balance	(187,525)
(17,919)	Less Deficit / (Surplus) on General Fund	(102,064)
(187,525)	**Closing General Fund Balance at 31 March 2021**	**(289,589)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2019/20					2020/21		
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Notes**	**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
141,385	(68,857)	72,528	Adult Care and Health		150,310	(83,617)	66,693
166,352	(100,924)	65,428	Education, Children & Families		173,460	(112,580)	60,880
59,796	(23,332)	36,464	Environment and Community		63,924	(24,251)	39,673
4,955	(888)	4,067	Public Protection & Enforcement		6,135	(2,303)	3,832
144,837	(118,301)	26,536	Renewal, Recreation and Housing		146,726	(122,689)	24,037
24,234	(2,803)	21,431	Resources, Commissioning and Contracts Management		23,788	(2,237)	21,551
541,559	**(315,105)**	**226,454**	**Cost of Services**		**564,343**	**(347,677)**	**216,666**
12,348	(2,044)	10,304	Other Operating Expenditure	10	1,256	132	1,388
18,487	(6,373)	12,114	Financing and Investment Income and Expenditure	11	18,780	(18,513)	267
8,820	(227,530)	(218,710)	Taxation and Non-Specific Grant Income	12		(273,851)	(273,851)
581,214	**(551,052)**	**30,162**	**(Surplus) / Deficit on Provision of Services**		**584,379**	**(639,909)**	**(55,530)**
		(18,844)	(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets	27			(6,465)
		10,487	Impairment Losses on Non-Current Assets	27			13,551
		(1,168)	Remeasurements of the Net Defined Benefit Liability	44			(132,680)
		(9,525)	**Other Comprehensive Income and Expenditure**				**(125,594)**
		20,637	**Total Comprehensive Income and Expenditure**				**(181,124)**

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
Current Year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
Balance at 31 March 2020 carried forward	**(187,525)**	**(24,439)**	**(29,158)**	**(241,122)**	**(428,396)**	**(669,518)**	
Movement in Reserves during 2020/21							
Total Comprehensive Income and Expenditure	(55,530)			**(55,530)**	(125,594)	**(181,124)**	
Adjustments between accounting basis & funding basis under regulations (Note 8)	(46,534)	(870)	2,869	**(44,535)**	44,535	**0**	
(Increase)/Decrease in 2020/21	(102,064)	(870)	2,869	(100,065)	(81,059)	**(181,124)**	
Balance at 31 March 2021 carried forward	**(289,589)**	**(25,309)**	**(26,289)**	**(341,187)**	**(509,455)**	**(850,642)**	

General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(269,589)
Amounts uncommitted	(20,000)
Total General Fund Balance at 31st March 2021	**(289,589)**

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Comparative Year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31st March 2019	**(169,606)**	**(29,314)**	**(30,802)**	**(229,722)**	**(460,431)**	**(690,153)**
Movement in Reserves during 2019/20						
Total Comprehensive Income and Expenditure	30,162	-	-	**30,162**	(9,527)	**20,635**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(48,081)	4,875	1,644	**(41,562)**	41,562	**-**
(Increase)/Decrease in 2019/20	(17,919)	4,875	1,644	**(11,400)**	32,035	**20,635**
Balance at 31 March 2020 carried forward	**(187,525)**	**(24,439)**	**(29,158)**	**(241,122)**	**(428,396)**	**(669,518)**

General Fund Analysed over:

	£000
Amounts earmarked (Note 9)	(167,525)
Amounts uncommitted	(20,000)
Total General Fund Balance at 31st March 2020	**(187,525)**

BALANCE SHEET

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

31st March 2020 £000		Notes	31st March 2021 £000
401,377	Property, Plant and Equipment	14	408,000
1,017	Heritage Assets	15	1,017
117,753	Investment Property	16	103,643
121,119	Long Term Investments	17	165,464
861	Long Term Debtors	17	1,763
	Pension Asset		30,760
642,127			**710,647**
177,157	Short Term Investments	17	192,356
4,057	Assets Held for Sale (<1yr)	21	4,057
159	Inventories	18	150
33,394	Short Term Debtors	19	91,087
34,812	Cash and Cash Equivalents	20	23,035
249,579			**310,685**
252	Cash and Cash Equivalents	20	242
4,489	Short Term Borrowing / Temporary Loans	22	7,943
15,798	Provisions	25	13,092
74,811	Short Term Creditors	23	101,081
16,783	Grants Receipts in Advance - Revenue	37	16,079
8,382	Grants Receipts in Advance - Capital	37	7,392
120,515			**145,829**
101,673	Other Long Term Liabilities	24	24,861
101,673			**24,861**
669,518			**850,642**
241,122	Usable Reserves	26	341,187
428,396	Unusable Reserves	27	509,455
669,518			**850,642**

CASH FLOW STATEMENT

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

2019/20		Notes	2020/21
£000			£000
30,162	Net (Surplus) or Deficit on the Provision of Services		(55,530)
(55,763)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Movements	28	(15,701)
15,256	Adjustments for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	28	13,884
(10,345)	Net Cash Flows from Operating Activities		(57,347)
6,920	Investing Activities	29	71,710
(14,594)	Financing Activities	30	(2,596)
(18,019)	Net (Increase) or Decrease in Cash and Cash Equivalents		11,767
(16,541)	Cash and Cash Equivalents at the Beginning of the Reporting Period		(34,560)
(34,560)	Cash and Cash Equivalents at the End of the Reporting Period	20	(22,793)

Notes to the Core Financial Statements

1 Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and is based on International Financial Reporting Standards. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared with reference to:

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

2 Accruals of Income and Expenditure

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

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

3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. As at 31st March 2021 there was a total of £23.0m of cash investments on the Balance Sheet in instant access AAA-rated Money Market Funds and other short-term accessible accounts, (£34.8m as at 31st March 2020).

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.

4 Presentation of Items in Other Comprehensive Income & Expenditure

The requirements of IAS 1 require Authorities to separately group items that will be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met and those items that will not be reclassified.

1 Statement of Accounting Policies continued

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

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

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

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

6 Charges to Revenue for Non Current Assets

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

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

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

7 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

1 Statement of Accounting Policies continued

7 Employee Benefits continued

Post Employment Benefits

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

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

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

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

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

The Local Government Pension Scheme

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields (in Bromley's case, the discount rate was based on the yields of AA rated corporate bonds of currency and term appropriate to the currency and term of the Fund's liabilities). In 2020/21, this discount rate was 2.1% compared to 2.4% in 2019/20. The higher the discount rate, the lower the value placed on liabilities, although this will have had only a minor impact on the total movement in the overall Pension Reserve during 2020/21 (moving from a deficit of £92.7m to a surplus of £30.8m). Movements in the Pensions Reserve balance are explained in more detail in Note 44.

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

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

a) Service Cost comprising:

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

1 Statement of Accounting Policies continued

7 Employee Benefits continued

b) Net interest cost:

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

c) Remeasurements comprising:

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

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

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

Discretionary Benefits

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

8 Events After the Balance Sheet Date

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

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

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

9 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

1 Statement of Accounting Policies continued

9 Fair Value Measurement cont.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

In addition, the Council has identified a number of contractual arrangements that contain finance leases in respect of vehicles and plant. Details of these are provided in Note 40.

11 Financial Assets

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

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

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

1 Statement of Accounting Policies continued

11 Financial Assets cont.

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.
The fair value measurements of the financial assets are based on the following techniques:
- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3 inputs – unobservable inputs for the asset

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

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

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

12 Government Grants and Contributions

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

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

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

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

1 Statement of Accounting Policies continued

12 Government Grants and Contributions cont.

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

13 Heritage Assets

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

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

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

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

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

14 Inventories

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

15 Investment properties

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

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

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

1 *Statement of Accounting Policies continued*

16 *Leases*

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

As at 31st March 2021, the Council holds no finance leases as lessor.

Operating Leases

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

1 Statement of Accounting Policies continued

17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2020/21 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

18 Property, Plant and Equipment

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

Recognition

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

Measurement

The freehold and leasehold properties that comprise the Council's property portfolio are revalued on the basis required by the Code (i.e. at least every five years) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Further revaluations are also carried out where there are known to have been material changes. The most recent set of re-valuations were carried out as at 31st March 2021 under the responsibility of Michael Watkins BSc MRICS, Assistant Director, 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
- council offices - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost (DRC) which is used as an estimate of current value
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current 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

18 Property, Plant and Equipment continued

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following basis:

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

1 Statement of Accounting Policies continued

18 Property, Plant and Equipment continued

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

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

Disposals

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

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

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

Amounts received for disposals in excess of £10,000 are categorised as capital receipts. A proportion of housing capital receipts (75% of the proportion of Council House sales received every three years from Clarion Housing Group (formely 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

19 Private Finance Initiative and Similar Contracts

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

The Council has not entered into any PFI schemes but it has entered into service concession arrangements, which grants to another company or organisation the right to provide services on behalf of the Council, using infrastructure assets owned by the Council or the contractor. Further details of this are provided in Note 41.

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

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

20 Provisions

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

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

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

Details of all provisions are set out in Note 25.

21 Contingent Liabilities

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

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

22 Contingent Assets

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

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

1 Statement of Accounting Policies continued

23 Reserves

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

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

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

Reserves are reported in two categories - Usable and Unusable.

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

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

24 Revenue Expenditure Funded from Capital under Statute

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

25 Value Added Tax

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

26 Council Tax and Non-Domestic Rates

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

1 Statement of Accounting Policies continued

27 Accounting for Council Tax and NDR

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

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

28 Local Authority Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore the transactions, cash flows and balances of 7 local authority controlled schools are recognised in each of the financial statements of the authority as if they were transactions, cash flows and balances of the authority.

29 Interest in Companies and Other Entities

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

30 Revenue from Contracts with Customers

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

1 Statement of Accounting Policies continued

31 Going Concern Basis

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

The Covid-19 global pandemic, which led to a UK wide lockdown starting on 23 March 2020, has placed local government at the forefront of the national response, creating significant issues for many residents and businesses. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and a substantial financial impact is expected to continue into 2021/22. Although it is still not possible to accurately predict the financial impact, an estimate of the total net cost including income losses is expected to significantly exceed the current level of Government funding provided by around £10.0m (as at May 2021). The main element of financial loss relates to income reductions ranging from car parking to collection of council tax and business rates. Without any further funding there would be significant costs that would need to be met by the Council and alternative funding would need to be identified.

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

• The Council is debt free and its balances remain healthy. A prudent and sustainable approach to financial management has meant that the General Fund (monies set aside to enhance financial resilience, offset the effect of adverse events and address the structural budget deficit) has been maintained at a minimum level of £20m (set by the Council's Director of Finance) since 31st March 2013. Earmarked Reserves, which currently exceed £200m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.

• The Council's balance sheet as at 31st March 2021 shows a net worth of £851m, a significant increase from £670m as at 31st March 2020.

• The Council's medium term financial strategy (MTFS) will be revisited in light of the continuing Covid-19 pandemic. An update on the Council's finances, along with an analysis of the financial impact on the Council of Covid-19 will be provided to Members during the year. A new medium term financial strategy will then be submitted to Executive for approval in January 2022, alongside the budget for 2022/23.

• The Council is subject to a statutory framework governing its service provision, its duties & responsibilities, and its financial framework. This includes the statutory posts of the Head of Paid Service (Chief Executive), Section 151 Officer (Director of Finance) and Monitoring Officer (Director of Corporate Services). Despite the Council's funding gap and structural budget deficit, it has continued to meet the legal requirement of setting a balanced budget combined with the additional requirement of having regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves.

• The Council has a well-established and robust corporate governance framework to ensure compliance with laws and regulations. This coupled with political stability has provided a strong control environment at the operational and strategic level in the Council, enabling sound and balanced decision-making recognising the importance of financial prudence and sustainability.

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

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

i) IFRS 16 Leases
This has now been postponed until 2022/23 and will require Councils that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities.

ii) IFRS 3 Business Combinations - Previously Held Interest in a Joint Operation - IFRS 3 outlines the accounting when an acquirer takes control of a business, for example, an acquisition or merger.
The updated changes in Reference to Conceptual Framework (Amendments to IFRS 3) are as follows:
- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

This change is unlikely to have any future impact on the Council.

iii) IFRS 9 / IAS 39 / IFRS 7 Interest Rate Benchmark Reform - Phase 1 & Phase 2
Benchmark interest rates are a core component of global financial markets. Retail and commercial loans, corporate debt, derivatives markets and many other financial markets and bilateral contracts all rely on these benchmark interest rates for pricing contracts and for hedging interest rate and other risks.

The London Interbank Offered Rate ('LIBOR') is one of the most common series of benchmark interest rates referenced by contracts measured in trillions of dollars across global currencies. Following the financial crisis, calls grew to reform the process used to generate LIBOR, other IBORs such as Euribor and other benchmark interest rates.

The resulting reforms aim to achieve a shift away from individual trader quotes to observed transaction rates and to increase the population on which those rates are based.

None of the above amendments are expected to have a material impact on the information in the Financial Statements 2020/21.

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.

3 Critical Judgements in Applying Accounting Policies continued

b) A review in 2010/11 of significant contractual arrangements identified finance leases embedded within some of those contracts. This resulted in some Vehicles and Plant being brought on Balance Sheet from 1st April 2009 (restated in the 2010/11 financial statements). The most significant of these was on the contract for Refuse Collection, which was identified as a Service Concession. The vehicles used by the contractor were included on the Balance Sheet under Property, Plant and Equipment.
In addition a finance lease has been recognised in relation to a number of residential properties leased from Beehive. These are assumed to have a useful life of 50 years.
The value of these finance leases at 31st March 2020 was £25,719k.

c) In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank was a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2021, a total of £5,044k had been received from the administrator (99% of the Council's total claim of £5,087k). In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, as estimates of recovery have improved, part-reversals of those impairment losses have been made, including £58k in 2020/21. This reduced the balance of the provision for potential loss to £43k (1% of the Council's total claim).

d) Group boundaries have been estimated using the criteria set out in the CIPFA Code of Practice. The Council has identified one jointly controlled entity and consideration has been given as to whether the arrangement falls within the group boundary. The Council has determined that the level of retained profit is not quantitatively material for group accounts to be required. The Council's jointly controlled entities are reviewed on an annual basis including other arrangements which may, when combined, become material in aggregate.

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

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

The items in the Authority's Balance Sheet at 31st March 2021 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.

The ongoing Novel Coronavirus (COVID-19), has continued to affect global financial markets.

Travel restrictions continue to and from many countries and market activity is being impacted in many sectors.
Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, asset valuations are not reported as being subject to 'material valuation uncertainty'.

Effect if Actual Results Differ

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

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in the estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

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

Business Rates

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

Pensions Liability/Asset

Uncertainties

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

Effect if Actual Results Differ

The effects on the net pensions liability of changes in individual assumptions can be significant. For instance, In 2013/14, the net liability fell by some £120m (from £260m to £140m). This was mainly due to positive experience since the 2010 valuation. Other positive factors included favourable investment returns during the year and improved market conditions, which reduced the value placed on the liabilities. In 2014/15, the net liability rose slightly from £140m to £148m, mainly due to interest on liabilities being higher than interest on assets, and in 2015/16 and 2016/17, the net liability reduced slightly to £145m and £143m respectively, mainly due to remeasurement gains on liabilities being higher than the losses on assets.

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

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

In 2019/20 the net liability increased by £8m to £93m, mainly due to the the fair value of plan assets not increasing to the same extent as the defined benefit obligation.

In 2020/21 the net liability moved to a net asset of £30m, mainly due to the fair value of plan assets increasing more than the defined benefit obligation.

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

Arrears

Uncertainties

At 31st March 2021, the Authority had a balance of sundry debtors of £19,444k. A review of the category, age and status of these debts suggested than an impairment of doubtful debts of 18% (£3,471k) was appropriate. The continuing impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.

Effect if Actual Results Differ

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

Fair Value Measurements

Uncertainties

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

Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

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

Effect if Actual Results Differ

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

Britain Leaving the European Union

There is still uncertainty about the implications of Britain's departure from the European Union. The transition period ended on 31st December 2020 at which stage the UK formally left the EU. The implications of this remain unclear and are not considered material for reporting purposes. The assumption has been made that this will not significantly impair the value of the council's assets. However, this assumption will be revisited and reviewed regularly.

5 Exceptional Items

There are no exceptional items to be reported for the 2020/21 financial year.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 11th August 2023. The existence of events after the Balance Sheet date has been considered up to this date and there are none to disclose. Events taking place after this date are not reflected in the financial statements or notes.

7A Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis **2020/21**

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Statutory Adjustments**	**Total Statutory Adjustments**	**Other Non Statutory Adjustments**	**Total Adjustments**
	Note 1	**Note 2**	**Note 3**			
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Care and Health	(62)	1,464	(32)	**1,370**	(11,796)	**(10,426)**
Education, Children & Families	7,277	3,112	(72)	**10,317**	(9,225)	**1,092**
Environment and Community	5,709	722	(5)	**6,426**	(6,956)	**(530)**
Public Protection & Enforcement	-	349	(3)	**346**	(359)	**(13)**
Renewal, Recreation and Housing	6,524	914	(2)	**7,436**	(4,997)	**2,439**
Resources, Commissioning and Contracts Management	(2,546)	510	136	**(1,900)**	775	**(1,125)**
Net Cost of Services	**16,902**	**7,071**	**22**	**23,995**	(32,558)	**(8,563)**
Other operating expenditure (i)	1,362	-	(1,215)	**147**	30,293	**30,440**
Financing and investment income and expenditure	14,295	2,114	(3,547)	**12,862**	2,265	**15,127**
Taxation and non-specific grant income and expenditure (iii)	(10,717)	-	20,247	**9,530**	-	**9,530**
	4,940	**2,114**	**15,485**	**22,539**	32,558	**55,097**
General Fund (Surplus)/Deficit	**21,842**	**9,185**	**15,507**	**46,534**	-	**46,534**

Adjustments between Funding and Accounting Basis **2019/20**

Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation and Remove Items which are only Chargeable under Statute	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Statutory Adjustments**	**Total Statutory Adjustments**	**Other Non Statutory Adjustments**	**Total Adjustments**
	Note 1	**Note 2**	**Note 3**			
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Care and Health	(1,337)	1,677	85	**425**	281	**706**
Education, Children & Families	5,375	3,763	231	**9,369**	(7,434)	**1,935**
Environment and Community	5,193	590	33	**5,816**	(7,430)	**(1,614)**
Public Protection & Enforcement	2	313	13	**328**	(252)	**76**
Renewal, Recreation and Housing	5,180	952	45	**6,177**	(13,476)	**(7,299)**
Resources, Commissioning and Contracts Management	9,107	1,906	-	**11,013**	(27,796)	**(16,783)**
Net Cost of Services	**23,520**	**9,201**	**407**	**33,128**	(56,107)	**(22,979)**
Other operating expenditure (i)	9,087	-	-	**9,087**	41,917	**51,004**
Financing and investment income and expenditure	10,721	1,855	-	**12,576**	14,190	**26,766**
Taxation and non-specific grant income and expenditure (iii)	(7,836)	-	1,126	**(6,710)**	-	**(6,710)**
	11,972	**1,855**	**1,126**	**14,953**	56,107	**71,060**
General Fund (Surplus)/Deficit	**35,492**	**11,056**	**1,533**	**48,081**	-	**48,081**

7A Note to the Expenditure and Funding Analysis continued

Adjustments for Capital Purposes

(i) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

i) **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

ii) **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

iii) **Taxation and Non Specific Grant Income and Expenditure** – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments

(ii) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pensions related expenditure and income:

i) **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

ii) **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

(iii) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

i) **For Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

ii) The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-Statutory Adjustments

(iv) Other Non-Statutory Adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement.

i) **For Financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

ii) For **Taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

7B Segmental Income

Income received on a segmental basis is analysed below:

Services	2019/20 Income from Services	2020/21 Income from Services
	£000	£000
Adult Care and Health	(45,260)	(48,080)
Education, Children & Families	(9,893)	(10,078)
Environment and Community	(22,710)	(15,249)
Public Protection & Enforcement	(887)	(809)
Renewal, Recreation and Housing	(14,874)	(14,941)
Resources, Commissioning and Contracts Management	(1,949)	(1,902)
Total income analysed on a segmental basis	**(95,573)**	**(91,059)**

8 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

2020/21	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
	Usable Reserves			
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions Costs transferred to/(from) the Pensions Reserve				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	(18,559)	-	-	18,559
Employer's pension contributions and direct payments to pensioners payable in the year	9,374	-	-	(9,374)
C Tax and NDR transfers to/(from) the Collection Fund	(20,247)	-	-	20,247
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	(22)	-	-	22
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure				
Depreciation and impairment of non-current assets	(15,865)	-	-	15,865
Movements in the fair value of investment properties	(14,295)	-	-	14,295
Movements in the fair value of pooled investment funds	3,547	-	-	(3,547)
Capital grants & contributions	10,717	-	-	(10,717)
Revenue expenditure funded from capital under statute	(6,838)	-	-	6,838
Non-current assets written off on disposal or sale	-	-	-	-
Total Adjustments to Revenue Resources	**(52,188)**	**-**	**-**	**52,188**
Adjustments between Revenue and Capital Resources				
Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	308	(308)	-	-
Transfer of deferred sale proceeds	907	-	-	(907)
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts	(1,362)	1,362	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	745	-	-	(745)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,056	-	-	(5,056)
Total Adjustments between Revenue and Capital Resources	**5,654**	**1,054**	**-**	**(6,708)**
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,067	-	(1,067)
Application of capital grants to finance capital expenditure	-		2,869	(2,869)
Cash payments in relation to Deferred Capital Receipts	-	(2,991)	-	2,991
Total Adjustment to Capital Resources	**-**	**(1,924)**	**-**	**(945)**
Total Adjustments	**(46,534)**	**(870)**	**2,869**	**44,535**

8 Adjustments between Accounting Basis and Funding Basis under Regulations continued

2019/20 Comparative Figures	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions Costs transferred to/(from) the Pensions Reserve				
Reversal of retirement benefits debited or credited to the CI&E Statement (see note 44)	(22,188)	-	-	22,188
Employer's pension contributions and direct payments to pensioners payable in the year	11,132	-	-	(11,132)
C Tax and NDR transfers to/(from) the Collection Fund	(1,126)	-	-	1,126
Holiday Pay transferred to/(from) the Accumulated Absence Reserve	(407)	-	-	407
Reversal of entries included in the Surplus or Deficit on the				0
Provision of Services in relation to capital expenditure				0
Depreciation and impairment of non-current assets	(10,636)	-	-	10,636
Movements in the fair value of investment properties	(15,030)	-	-	15,030
Movements in the fair value of pooled investment funds	(5,410)	-	-	5,410
Capital grants & contributions	15,256	-	1,644	(16,900)
Revenue expenditure funded from capital under statute	(11,166)	-	-	11,166
Non-current assets written off on disposal or sale	(11,086)	-	-	11,086
Total Adjustments to Revenue Resources	**(50,661)**	**-**	**1,644**	**49,017**
Adjustments between Revenue and Capital Resources				
Transfers of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue	0	-	-	-
Transfer of deferred sale proceeds	1,999	-	-	(1,999)
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	-	-	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	639	-	-	(639)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(58)	-	-	58
Total Adjustments between Revenue and Capital Resources	**2,580**	**-**	**-**	**(2,580)**
Adjustment to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	6,602	-	(6,602)
Application of capital grants to finance capital	-	-	-	-
Cash payments in relation to Deferred Capital Receipts	-	(1,727)	-	1,727
Total Adjustment to Capital Resources	**-**	**4,875**	**-**	**(4,875)**
Total Adjustments	**(48,081)**	**4,875**	**1,644**	**41,562**

9 *Transfers to/from Earmarked Reserves*

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20 and 2020/21.

2020/21	Balance at 31st March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31st March 2021 £000
Balances Held by Schools	1,739	53	864	2,550
Insurance Fund	4,396	12		4,384
LPSA Reward Grant Investment Fund	76			76
LAA Reward Grant Investment Fund	155			155
Technology Fund	5,117	3,885	66	1,298
Reserve for Potential Redundancy Costs	116			116
Public Halls Fund	5			5
Town Centre Improvement Fund	55			55
Ex Glaxo Land Maintenance	113	28	1	86
Planning Services Charging Account	25	234	302	93
Grant Related Expenditure	5,267	5,267	9,981	9,981
Investment to Community Fund	325	29		296
Works to Property	100			100
Investment Fund	6,148	6		6,142
Invest to Save	18,195	500	532	18,227
One-off Member Initiatives	858	35		823
Infrastructure Investment Fund	1,426	867		559
Commissioning Authority Programme	365			365
Health & Social Care - Promise Programme	3,953			3,953
Housing Strategy Trading Account	25			25
Community Right to Bid & Challenge	46			46
Winter Pressures	2,010			2,010
Refurbishment of War Memorials	13			13
Key Health & Social Care Initiatives	1,700			1,700
Integration of Health & Social Care Initiatives	1,614			1,614
Cheyne Woods & Cyphers Gate	141	3		138
Healthy Bromley Fund	3,815			3,815
Transformation Fund	1,424	179		1,245
Future Repairs of High Street Properties	67		12	79
Collection Fund Surplus Set Aside	25,919		5,871	31,790
Parallel Fund	2,903			2,903
Growth Fund	21,420	44		21,376
Health & Social Care Integrated Commissioning	3,550	520		3,030
Financial Planning & Risk Reserve	10,000			10,000
Bromley Welfare Fund	639	147		492
PIL Reserve for Temporary Accommodation	149		115	264
Business Rate Risk Reserve	4,200			4,200
Crystal Palace Park Improvements	26			26
Various Joint Schemes and Pump Priming Investments	2,291	506	1,925	3,710
Transition Fund	2,560			2,560
Environmental Initiatives	500	47		453
Planning/Planning Enforcement	119	104		15
Apprenticeship Scheme	171	19		152
Sub Total 2020/21	**133,736**	**12,485**	**19,669**	**140,920**

9 Transfers to/from Earmarked Reserves continued

2020/21	Balance at 31st March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31st March 2021
Balance brought forward from previous page	**133,736**	**12,485**	**19,669**	**140,920**
Civic Centre Development Strategy	271	14		257
Future Professional Advice for Commissioning	147	8		139
Utilisation of New Homes Bonus	2,256		1,612	3,868
Future Pensions Risk in Outsourcing	897		347	1,244
West Wickham Leisure Centre & Library Redevelopment	624	1		623
Income Equalisation Reserve	3,790		1,520	5,310
Capital Funding for Property/Disposal Feasibility	78			78
Biggin Hill Airport Project	124	48		76
Transformation Programme	488	145		343
Housing Investment Fund	18,840	53	13,622	32,409
High Street & Parks Improvement Fund	71			71
Contribution to YES Funding for 2019/20	45			45
Day Centre Rent Relief	6			6
Housing Invest to Save	3,409			3,409
Health Facilities Fund	993			993
Health & Social Care Transformation Fund	1,500			1,500
Housing Feasibility and Viability	250	122		128
New Reserves Set Up in 2020/21				
Website Update	-		150	150
Carbon Neutral Initiatives Fund	-		875	875
COVID related service pressures	-		10,273	10,273
IT Services Procurement	-		197	197
Collection Fund Deferred Costs	-		2,662	2,662
Walnuts Development	-	10	80	70
Hospital Discharge Funding	-		1,677	1,677
Sub total	**167,525**	**12,886**	**52,684**	**207,323**
DSG Reserve (new in 2020/21)	-	1,140		(1,140)
Business Rates Adjustment Account (new in 2020/21)	-		63,406	63,406
Total Earmarked Reserves 2020/21	**167,525**	**14,026**	**116,090**	**269,589**

Note: Members should note that the balance at 31/3/2021 represents the "cash" balance and in some cases the monies shown will already be committed for future years on various schemes.

9 *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 2019/20 and 2020/21.

2019/20	**Balance at 31st March 2019**	**Transfers Out 2019/20**	**Transfers In 2019/20**	**Balance at 31st March 2020**
	£000	**£000**	**£000**	**£000**
Balances Held by Schools	1,757	283	265	1,739
Insurance Fund	3,984	477	889	4,396
LPSA Reward Grant Investment Fund	76	-	-	76
LAA Reward Grant Investment Fund	155	-	-	155
Technology Fund	5,044	-	73	5,117
Reserve for Potential Redundancy Costs	116	-	-	116
Public Halls Fund	7	2	-	5
Town Centre Improvement Fund	55	-	-	55
Ex Glaxo Land Maintenance	132	21	2	113
Planning Services Charging Account	166	166	25	25
Grant Related Expenditure	6,845	6,845	5,267	5,267
Investment to Community Fund	372	47	-	325
Works to Property	100	-	-	100
Investment Fund	6,050	-	98	6,148
Invest to Save	17,084	-	1,111	18,195
One-off Member Initiatives	891	33	-	858
Infrastructure Investment Fund	1,690	264	-	1,426
Commissioning Authority Programme	365	-	-	365
Health & Social Care - Promise Programme	3,953	-	-	3,953
Housing Strategy Trading Account	25	-	-	25
Community Right to Bid & Challenge	46	-	-	46
Winter Pressures	2,010	-	-	2,010
Refurbishment of War Memorials	13	-	-	13
Key Health & Social Care Initiatives	1,700	-	-	1,700
Integration of Health & Social Care Initiatives	1,614	-	-	1,614
Cheyne Woods & Cyphers Gate	143	2	-	141
Healthy Bromley Fund	3,815	-	-	3,815
Transformation Fund	1,779	355	-	1,424
Future Repairs of High Street Properties	55	-	12	67
Collection Fund Surplus Set Aside	19,166	-	6,753	25,919
Parallel Fund	2,903	-	-	2,903
Growth Fund	21,092	1,097	1,425	21,420
Health & Social Care Integrated Commissioning	5,550	2,000	-	3,550
Financial Planning & Risk Reserve	10,000	-	-	10,000
Bromley Welfare Fund	749	110	-	639
PIL Reserve for Temporary Accommodation	149	-	-	149
Business Rate Risk Reserve	4,200	-	-	4,200
Crystal Palace Park Improvements	26	-	-	26
Various Joint Schemes and Pump Priming Investments	3,375	2,134	1,050	2,291
Transition Fund	2,560	-	-	2,560
Environmental Initiatives	467	-	33	500
Planning/Planning Enforcement	197	78	-	119
Sub Total 2019/20	**130,476**	**13,914**	**17,003**	**133,565**

9 *Transfers to/from Earmarked Reserves continued*

2019/20	Balance at 31st March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31st March 2020 £000
Balance brought forward from previous page	**130,476**	**13,914**	**17,003**	**133,565**
Apprenticeship Scheme	200	29	-	171
Civic Centre Development Strategy	457	186	-	271
Future Professional Advice for Commissioning	147	-	-	147
Utilisation of New Homes Bonus	2,256	-	-	2,256
Future Pensions Risk in Outsourcing	550	-	347	897
West Wickham Leisure Centre & Library Redevelopment	993	369	-	624
Income Equalisation Reserve	2,594	-	1,196	3,790
Capital Funding for Property/Disposal Feasibility	79	1	-	78
Biggin Hill Airport Project	124	-	-	124
Transformation Programme	500	12	-	488
Housing Investment Fund	7,500	12	11,352	18,840
High Street & Parks Improvement Fund	115	44	-	71
Contribution to YES Funding for 2019/20	130	85	-	45
Day Centre Rent Relief	76	70	-	6
Housing Invest to Save	3,409	-	-	3,409
Health Facilities Fund	-	-	993	993
Health & Social Care Transformation Fund	-	-	1,500	1,500
Housing Feasibility and Viability	-	-	250	250
Total Earmarked Reserves 2019/20	**149,606**	**14,722**	**32,641**	**167,525**

9 *Transfers to/from Earmarked Reserves continued*

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

9 Transfers to/from Earmarked Reserves continued

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

9 Transfers to/from Earmarked Reserves continued

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

9 *Transfers to/from Earmarked Reserves continued*

- Income Equalisation reserve - to mitigate any potential loss in the capital value of pooled funds within treasury management investments, the Council has set aside interest/dividend earnings on these funds above 2.5%.
- Capital Funding for Property Disposals/Feasibility Works - £250k was set aside to allow for feasibility works to be commissioned against specific sites.
- Biggin Hill Airport Project funding has been set aside for any potential future monitoring cost in relation to the revised operating hours of Biggin Hill Airport.
- Transformation Programme, resources set aside to meet any additional resource requirements and the use of specialised advice, in relation to the transformation reviews that will be undertaken across the Council.
- Housing Investment Fund established to fund investment choices identified through the Council's Transformation programme to reduce homelessness costs in the local area. Executive recommended a further contribution to the reserve of £9.895m at its meeting on 24th March 2021.
- High Street & Parks Improvement Fund, external funding received for High Street and Town Centre cleansing works, and improvement works in Parks and Greenspaces.
- Contribution to YES Funding for 2019/20 set aside to provide funding to the Bromley Education Business Partnership (BEBP) to continue the successful delivery of the Youth Employment Scheme (YES) that helps support the generation of employment opportunities and tackle local youth unemployment.
- Day Centre Rent Relief monies set aside for short term assistance to Day Centres.
- Housing Invest to Save established to fund investment choices identified through the Council's Transformation programme to reduce homelessness costs in the local area.
- Health Facilities Fund - funding of £993k from Bromley Clinical Commissioning Group has been set aside for investment in health facilities
- Health & Social Care Transformation Fund - a reserve set up using one off funding from Bromley Clinical Commissioning Group to develop new transformation opportunities which provide a benefit to health care with a positive impact on social care.
- Housing Feasibility and Viability - £250k has been set aside in a Housing Feasibility and Viability earmarked reserve. This will enable the Council to effectively and efficiently assess the viability of potential capital schemes, ensuring that opportunities are rigorously tested to inform wider decision making.
- Website Update - £150,000 was set aside in 2020/21 to allow works to be undertaken to update the Council's website and associated facilities.
- Carbon Neutral Initiatives Fund - Executive recommended at its meeting on 10th February 2021 that £875,000 be set aside in a Carbon Neutral Initiatives Fund to support the aim of being carbon neut
- COVID Related Service Pressures - at it's meeting on 24th March 2021, Executive recommended that the sum of £3.767m be set aside in an earmarked reserve as a contribution to the provision for COVID related service pressures in future years. A further £6.506m was recommended on 30th June 2
- IT Services Procurement - funding was set asise to cover IT costs in future years.
- Collection Fund Deferred Costs - Although the Council is required to account for these balances as a Reserve in 2020/21, it is important to note that equivalent spend will be incurred during 2021/22 and 2022/23.
- Walnuts Development Feasibility - £80k was approved to be set aside on 1st July 2020 as a reserve to review the development opportunities at the Walnuts shopping centre and surrounding area.

10 Other Operating Expenditure

2019/20 £000		2020/21 £000
1,262	Levies	1,256
(1,999)	Other Income	455
(45)	Distribution of former LRB Balances	(15)
11,086	Losses/Gains on the Disposal of Non-Current Assets *	(308)
10,304	**Total**	**1,388**

* The £11.1m in 2019/20 relates to the loss on conversion of a primary school to academy status.

11 Financing and Investment Income and Expenditure

2019/20 £000		2020/21 £000
623	Interest Payable and Similar Charges	787
1,855	Net Interest on the Net Defined Benefit Liability	2,114
(6,919)	Interest Receivable and Similar Income	(7,281)
6,651	(Income)/Expenditure in Relation to Investment Properties and changes in their fair value	4,464
9,904	Other Investment Income & Expenditure	183
12,114	**Total**	**267**

12 Taxation and Non Specific Grant Income

2019/20 £000		2020/21 £000
(165,003)	Council Tax Income	(169,383)
(37,397)	Business Rates Income	(10,997)
(8,474)	Non-Ring fenced Government grants	(86,841)
(7,836)	Capital Grants and Contributions	(6,630)
(218,710)	**Total**	**(273,851)**

13 *Expenditure and Income Analysed by Nature*

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

Expenditure/Income	2019/20 £000	2020/21 £000
Expenditure		
Employee Expenses	107,896	108,819
Other Service Expenses	410,340	437,663
Support Service Recharges	(2,774)	(3,789)
Depreciation and Impairment	31,408	21,958
Precepts and Levies	1,262	1,256
Gain or Loss on Disposal of Non Current Assets	11,086	(308)
Interest and Investment Payments	11,321	16,666
Net Interest on the Net Defined Liability	1,855	2,114
Non Domestic Rates - Tariff	7,668	-
Contribution to London Business Rates Pool	1,152	-
Total Expenditure	**581,214**	**584,379**
Income		
Fees, Charges & Other Service Income	(95,573)	(91,059)
Other Income	(2,044)	132
Interest and Investment Income	(6,373)	(18,513)
Income from Council Tax	(165,003)	(169,383)
Income from Non Domestic Rates	(46,217)	(10,997)
Government Grants and Contributions	(235,842)	(350,089)
Total Income	**(551,052)**	**(639,909)**
(Surplus) / Deficit on Provision of Services	**30,162**	**(55,530)**

14 Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Movements in 2020/21							
Cost or Valuation							
Balance at 1st April 2020	532,327	17,736	166,304	2,494	26,096	642	745,599
Additions	17,486	3,058	7,581			2,293	30,419
Revaluation increases in Revaluation Reserve	5,945				520		6,465
Derecognition - disposals							-
Assets reclassified to/from Investment Properties							-
Other Assets reclassified	48				(233)		(185)
Assets reclassified to/from Assets Held for Sale							-
As at 31st March 2021	555,806	20,794	173,885	2,494	26,383	2,935	782,298
Accumulated Depreciation & Impairment							
As at 1st April 2020	(264,544)	(3,898)	(55,405)	(1,624)	(18,750)	0	(344,221)
Depreciation charge	(5,317)	(1,049)	(4,345)	(83)	-	-	(10,794)
Impairment losses recognised in Revaluation Reserve	(13,091)				(460)		(13,551)
Impairment (losses)/reversals recognised in Deficit on of Services	(5,071)						(5,071)
Derecognition - disposals		(661)					(661)
As at 31st March 2021	(288,023)	(5,608)	(59,750)	(1,707)	(19,210)	-	(374,298)
Net Book Value							
As at 31st March 2021	267,783	15,186	114,135	787	7,173	2,935	408,000
As at 31st March 2020	267,783	13,838	110,899	870	7,346	642	401,378

Notes to the Core Financial Statements

14 Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
<u>Comparative Movements in 2019/20</u>							
Cost or Valuation							
Balance at 1st April 2019	525,609	5,067	159,678	2,494	25,589	311	718,748
Additions	1,652	13,884	6,626	-	-	331	22,493
Revaluation increases in Revaluation Reserve	18,337	-	-	-	507	-	18,844
Derecognition - disposals	(11,086)	(1,215)	-	-	-	-	(12,301)
Assets reclassified to/from Investment Properties		-	-	-	-	-	-
Other Assets reclassified		-	-	-		-	-
Assets reclassified to/from Assets Held for Sale	(2,185)	-	-	-	-	-	(2,185)
As at 31st March 2020	532,327	17,736	166,304	2,494	26,096	642	745,599
Accumulated Depreciation & Impairment							
As at 1st April 2019	(247,670)	(3,139)	(51,281)	(1,541)	(19,467)	-	(323,098)
Depreciation charge	(4,396)	(759)	(4,124)	(83)		-	(9,362)
Impairment losses recognised in Revaluation Reserve	(10,063)	-	-	-	(424)	-	(10,487)
Impairment (losses)/reversals recognised in Deficit on of Services	(2,415)		-	-	1,141	-	(1,274)
Derecognition - disposals	-	-	-	-	-	-	-
As at 31st March 2020	(264,544)	(3,898)	(55,405)	(1,624)	(18,750)	-	(344,221)
Net Book Value							
As at 31st March 2020	267,783	13,838	110,899	870	7,346	642	401,378
As at 31st March 2019	277,939	1,928	108,397	953	6,122	311	395,650

14 Property, Plant and Equipment continued

(i) ***Depreciation***

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

Land is not depreciated.
Buildings – straight-line depreciation on remaining useful lives ranging from 5 to 55 years.
Community Assets – straight-line depreciation over 30 years.
Surplus Assets are not depreciated.
Vehicles, Plant, Furniture & Equipment – straight-line depreciation over 1 to 15 years down to residual value.
Infrastructure – straight-line depreciation over 15 to 40 years.

(ii) ***Capital Commitments***

At 31st March 2021, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £5.6m. This mainly comprised commitments relating to IT Transformation (£1.0m), the Highways Investment Scheme (£1.0m), LIP Formula Funding (£1.2m), and Depot Improvement works (£0.4m).
Commitments at 31st March 2020 totalled £19.8m.

(iii) ***Revaluations***

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. In 2020/21, all valuations were carried out by Montagu Evans, except for the Glades which was valued by Knight Frank. Up to and including 2011/12, all valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.
The methodology for estimating the fair values of Property, Plant and Equipment is set out in the Statement of Accounting Policies (policy 18).

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant, & Equipment £000
Carried at Historical Cost as at:							
31st March 2021	-	15,186	114,135	787	-	2,935	133,044
Valued at Current Value as at:							
31st March 2021	198,434		-	-	9,156	-	207,590
31st March 2020	(15,426)		-	-	(6,027)	-	(21,453)
31st March 2019	221,356		-	-	(360)	-	220,996
31st March 2018	(48,824)		-	-	(4,700)	-	(53,524)
31st March 2017	(87,757)		-	-	9,104	-	(78,653)
Total Assets at Current Value	267,783	0	0	0	7,173	0	274,956
Total Property, Plant & Equipment							
31st March 2021	**267,783**	**15,186**	**114,135**	**787**	**7,173**	**2,935**	**408,000**

15 *Heritage Assets*

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

	Mayoral Regalia £000	Art Works £000	Total Assets £000
Cost or Valuation			
1st April 2019	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2020	673	344	1,017
Cost or Valuation			
1st April 2020	673	344	1,017
Movement during year	-	-	-
Net Book Value 31st March 2021	673	344	1,017

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

16 *Investment Property*

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

2019/20 £000		2020/21 £000
(9,358)	Rental Income from Investment Property	(11,415)
979	Direct Operating Expenses arising from Investment Property	1,584
(8,379)	**Net gain**	**(9,831)**

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:

2019/20 £000		2020/21 £000
130,598	Balance at Start of Year	117,753
-	Purchases	
-	Disposals	
-	Reclassified to Property, Plant and Equipment	
-	Reclassified from Surplus Properties	185
(15,030)	Net Gains/(Losses) from Fair Value Adjustments	(14,295)
117,753	**Balance at End of Year**	**103,643**

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

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

16 Investment Property continued

Details of the authority's investment properties as at 31st March 2021 and 2020 are as follows:

2019/20		2020/21
£000		**£000**
13,806	Office units	13,830
5,649	Airport	6,370
17,656	Industrial	17,345
77,334	Commercial units	63,005
3,308	Other	3,093
117,753	**Balance at End of Year**	**103,643**

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

There has been no change in the valuation techniques used during the year for investment properties, and all measurements have been categorised at Level 2 in the fair value hierarchy. There were no transfers between levels during 2020/21.

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

17 *Financial Instruments*

(a) Categories of Financial Instruments

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

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Financial Assets	**£000**	**£000**	**£000**	**£000**
Amortised Cost				
Investments	77,106	46,308	191,674	176,510
Debtors *	1,763	861		31,517
Cash and Cash Equivalents	-	-	23,000	34,812
	78,869	47,169	214,674	242,839
Fair Value through Profit or Loss				
Investments	88,358	74,811	681	647
Total Financial Assets	**167,227**	**121,980**	**215,355**	**243,486**
Financial Liabilities				
Amortised Cost				
Creditors *	-	-	80,633	53,157
Total Financial Liabilities	**-**	**-**	**80,633**	**53,157**

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

In accordance with the requirements of the Code, accruals for investment interest income due during the year but not received as at 31st March are included in short term investments in the Balance Sheet. The balances as at 31st March 2021 include a total principal of £378,463k and total accrued interest of £2,356k (£330,919k and total accrued interest of £2,168k as at 31st March 2020).

17 *Financial Instruments continued*

(b) Income, Expense, Gains and Losses	**Other Comprehensive Income and Expenditure**		**Surplus or Deficit on the Provision of Services**	
	2019/20	**2020/21**	**2019/20**	**2020/21**
	£'000	**£'000**	**£'000**	**£'000**
Net (Gains)/Losses on:				
Available for Sale Financial Assets	-	-	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	5,410	(3,547)
Total Net (Gains)/Losses	**-**	**-**	**5,410**	**(3,547)**
Interest Income			(6,919)	(7,281)
Interest Expense			16	13
Net Interest			**(6,903)**	**(7,268)**

The net gain on Financial Assets Measured at Fair Value through Profit or Loss relates to the upward revaluation of three investments (£40m in a Property Fund and £50m in a Multi Asset Income Fund).

(c) Fair Value of Financial Assets and Liabilities

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

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

Valuation of fixed term deposits is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration (i.e. from valuation date to maturity). The structure and terms of the comparable instrument should also be the same. The rates used in the valuation were obtained from the market on 31st March 2021, using bid prices where applicable.

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

The fair values calculated are as follows:

	1st April 2020		**31st March 2021**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets held at Amortised Cost	**£000**	**£000**	**£000**	**£000**
Investments	222,817	223,787	268,780	270,283
Long Term Debtors	861	861	1,763	1,763
Cash and Cash Equivalents	34,812	34,812	23,000	23,000
Total Financial Assets	**258,490**	**259,460**	**293,543**	**295,046**

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

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

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

17 *Financial Instruments continued*

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

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

2020 £000		2021 £000
	Clarion Housing Group (formerly Broomleigh Housing Association) Property Transfer	
352	- Sale of Council Houses *	1,259
1	- Deferred Interest Earnings *	6
477	Loans for Miscellaneous Advances	465
31	Loans to Private Street Work Frontagers	33
861		**1,763**

* Under the Housing Stock Transfer agreement concluded with Clarion Housing Group (formerly Broomleigh Housing Association) 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 one sale in 2019/20 and and three sales in 2020/21 and a long-term debtor of £1,265k (including accrued interest) is carried on the Balance Sheet as at 31st March 2021. The next receipt is due in 2022/23.

18 Inventories

	Road Salt		Other Consumables		Total	
	2020/21	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance outstanding at start of year	**153**	**169**	**6**	**6**	**159**	**175**
Purchases	93	6	9	7	**102**	**13**
Usage/Payment/Transfers during the year	(102)	(22)	(9)	(7)	**(111)**	**(29)**
Balance outstanding at year-end	**144**	**153**	**6**	**6**	**150**	**159**

19 Short - Term Debtors

31st March 2020 Net £000		**31st March 2021 Net £000**
	Debtors	
5,586	Central Government Bodies	24,334
1,339	Other Local Authorities	31,752
1,059	Council Tax	5,105
818	NNDR	3,983
1,402	NHS Bodies	1,754
19,669	Other Entities and Individuals	18,087
29,873		85,015
3,521	***Payments in Advance***	6,072
33,394		**91,087**

20 *Cash and Cash Equivalents*

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

2019/20 £000		2020/21 £000
13	Cash held by the Authority	35
(265)	Bank Current Accounts	(242)
34,812	Short-term Deposits with Money Market Funds*	23,000
34,560	**Total Cash and Cash Equivalents**	**22,793**

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

21 *Assets Held for sale*

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

2019/20 £000		2020/21 £000
4,057	**Balance outstanding at start of year**	4,057
	Assets newly classified/(declassified) as held for sale:	
-	Property, Plant and Equipment	-
-	Revaluation losses - recognised in Revaluation Reserve	-
-	- recognised in deficit on Provision of Services	-
-	Revaluation gains	-
-	Assets sold	-
4,057	**Balance outstanding at year-end**	**4,057**

22 *Financial Assets/Liabilities*

Short Term Borrowing / Temporary Loans

	Balance as at 31st March 2020 £000	Loans Raised £000	Loans Repaid £000	Balance as at 31st March 2021 £000
Pension Fund	(4,248)	(2,809)	-	(7,057)
Former LRB Fund	(241)	(886)	241	(886)
	(4,489)	**(3,695)**	**241**	**(7,943)**

23 Short - Term Creditors

31st March 2020 £000	Creditors	31st March 2021 £000
2,177	Central Government Bodies	23,610
3,259	Other Local Authorities	1,181
5,424	NHS Bodies	4,875
2	Public Corporations	14
2,834	Council Tax	4,178
4,559	Council Tax Precepts (GLA)	3,590
4,708	NNDR Central Government	4,599
4,029	NNDR GLA	4,995
1,198	NNDR LBB	633
37,921	Other Entities and Individuals	41,443
66,111		89,118
	Receipts in Advance	
-	Central Government Bodies	321
66	Other Local Authorities	24
583	NHS Bodies	5,882
3,484	Council Tax	2,086
842	NNDR LBB	368
3,725	Other Entities and Individuals	3,283
8,700		11,964
74,811		**101,082**

24 Other Long Term Liabilities

31st March 2020 £000		31st March 2021 £000
92,735	Liability relating to Defined Benefit Pension Scheme #	-
8,938	Liability relating to Finance Leases *	24,861
101,673		**24,861**

Full details relating to the Defined Benefit Pension Scheme are included in Note 44
- Pension Asset at 31st March 2021 is shown in Long Term Assets on the Balance Sheet
* Full details of the Authority's finance leases are included in Note 40

25 Provisions

	Outstanding Legal Cases (a) £000	Injury & Damage Compensation Claims (b) £000	Other Provisions (c) £000	Total £000
Balance at 1 April 2020	152	1,802	13,844	15,798
Additional Provisions made in year		386	3,263	3,649
Amounts used in year	75		6,082	6,157
Unused amounts reversed in year	77		121	198
Balance at 31st March 2021	**0**	**2,188**	**10,904**	**13,092**

(a) Outstanding Legal Cases: the Council has not made provision for any financial implications arising from any legal cases in 2020/21.

(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 2021 (293 claims with a total estimate of £2,188k).

(c) Other Provisions include the following:

Bad debt impairment for irrecoverable Council Tax and Non-Domestic Rates debts of £3,656k has been carried forward to 2021/22.

Provision of £3,058k has been made to reflect potential losses in business rates income as a result of changes to the rating list arising from successful appeals.

All other provisions are individually insignificant.

26 Usable Reserves

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

27 Unusable Reserves

31st March 2020 £000		31st March 2021 £000
82,718	Revaluation Reserve	75,632
(5,189)	Pooled Investment Funds Adjustment Account	(1,642)
431,910	Capital Adjustment Account	415,366
(92,735)	Pensions Reserve	30,760
3,365	Deferred Capital Receipts Reserve	1,281
10,194	Collection Fund Adjustment Account	(10,053)
(1,867)	Accumulated Absences Account	(1,889)
428,396	**Total Unusable Reserves**	**509,455**

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.

2019/20 £000			2020/21 £000
80,110	**Balance as at 1st April**		82,718
18,844	Upward revaluation of assets	6,465	
(10,487)	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on Provision of Services	(13,551)	
8,357	Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services		(7,086)
(5,749)	Accumulated losses on assets sold or scrapped	-	
(5,749)	Amount written off to Capital Adjustment Account		-
82,718	**Balance as at 31st March**		**75,632**

Available for Sale Financial Instruments Reserve (AFS Reserve)

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

Pooled Investment Funds Adjustment Account (PIFAA)

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

27 Unusable Reserves continued

PIFAA 2019/20 £000			PIFAA 2020/21 £000
221	**Balance as at 1st April**		(5,189)
0	Upward revaluation of investments	3,547	
(5,410)	Downward revaluation of investments and impairment losses	-	
(5,410)			3,547
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement		-
(5,189)	**Balance as at 31st March**		**(1,642)**

Capital Adjustment Account

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

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

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

2019/20 £000			2020/21 £000
449,994	**Balance as at 1st April**		**431,910**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income &Expenditure Statement:		
(10,635)	Charges for depreciation and impairment of non-current assets	(15,865)	
(11,166)	Revenue expenditure funded from capital under statute	(6,838)	
(5,336)	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to CI&E Statement	- -	
(27,137)	Net written out amount of the cost of non-current assets consumed in the year		(22,703)
	Capital financing applied in the year:		
6,602	Use of Capital Receipts Reserve to finance new capital expenditure	1,067	
15,256	Capital grants and contributions credited to CI&E Statement that have been applied to capital financing	10,717	
1,644	Application of grants to capital financing from the Capital Grants Unapplied Account	2,869	
	Other Movements		
639	Statutory provision for capital financing charged against the General Fund	745	
(58)	Capital expenditure charged against the General Fund balance	5,056	
24,083			20,454
(15,030)	Movements in market value of Investment Properties debited or credited to CI&E Statement		(14,295)
431,910	**Balance as at 31st March**		**415,366**

27 Unusable Reserves continued

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different accounting arrangements for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible. A debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and present employees and the resources the Authority has set aside to meet them. The Reserve balance moved to surplus during 2020/21, mainly due to remeasurement of assets and liabilities. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000		2020/21 £000
(82,847)	**Balance as at 1st April**	(92,735)
1,168	Actuarial gains or (losses) on pensions assets and liabilities	132,680
(22,188)	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	(18,559)
11,132	Employer's pension contributions and direct payments to pensioners payable in the year	9,374
(92,735)	**Balance as at 31st March**	**30,760**

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.

2019/20 £000		2020/21 £000
3,093	**Balance as at 1st April**	3,365
352	New advances	907
(80)	Transfer to the Capital Receipts Reserve upon receipt of cash	(2,991)
3,365	**Balance as at 31st March**	**1,281**

27 *Unusable Reserves continued*

Collection Fund Adjustment Account

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

2019/20 £000		2020/21 £000
11,320	**Balance as at 1st April**	10,194
(1,126)	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(20,247)
10,194	**Balance as at 31st March**	**(10,053)**

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.

2019/20 £000		2020/21 £000
(1,460)	**Balance as at 1st April**	(1,867)
1,460	Settlement or cancellation of accrual made at the end of the preceding year	1,867
(1,867)	Amounts accrued at the end of the current year	(1,889)
(407)	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	(22)
(1,867)	**Balance as at 31st March**	**(1,889)**

28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2019/20 £000		2020/21 £000
(7,515)	Interest Received	7,394
(7,515)	Net Interest Received	7,394

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

2019/20 £000		2020/21 £000
(9,362)	Depreciation	(15,584)
(1,274)	Impairment/Reversals and Downward Valuations	(14,295)
(8,760)	Increase/Decrease in Creditors	(26,270)
3,058	Increase/Decrease in Debtors (net of bad debts)	58,595
(16)	Increase/Decrease in Inventories	(9)
(11,056)	Movement in Pension Liability	(26,627)
(5,410)	Movement in Fair Value of Pooled Investment Funds	3,547
(11,086)	Carrying Amount of Non-Current Assets and Non-Current Assets Held-for-Sale, Sold or De-Recognised	
(11,856)	Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	4,941
(55,762)		(15,701)

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

2019/20 £000		2020/21 £000
0	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	13,884
15,256	Other Items for which the Cash Effects are Investing or Financing Cash Flows	
15,256		13,884

29 Cash Flow Statement - Investing Activities

2019/20 £000		2020/21 £000
12,279	Purchase of Property, Plant and Equipment and Investment Property	30,138
205,000	Purchase of Short-term and Long-term Investments	258,218
0	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(3,299)
(201,000)	Proceeds from Short-term and Long-term Investments	(202,420)
(9,359)	Other Receipts from Investing Activities	(10,927)
6,920	**Net Cash Flows from Investing Activities**	71,710

30 Cash Flow Statement - Financing Activities

2019/20 £000		2020/21 £000
(6,777)	Cash Receipts from Short-term Borrowing	(3,454)
(8,456)	Other Receipts from Financing Activities	
639	Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases	858
(14,594)	**Net Cash Flows from Financing Activities**	(2,596)

31 *Pooled Budgets*

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

2019/20 Integrated Community Equipment Services £000		2020/21 Integrated Community Equipment Services £000
	Income	
842	Bromley CCG contribution	1,403
1,204	London Borough of Bromley contribution	1,241
2,046	**Gross Income**	**2,644**
	Expenditure	
2,046	Integrated Community Equipment Service	2,644
2,046	**Gross Expenditure**	**2,644**
-	**Deficit / (Surplus) for the Year**	**-**

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

2019/20 Mental Health Services £000		2020/21 Mental Health Services £000
	Income	
23,194	Oxleas NHS Foundation Trust contribution	23,437
1,532	London Borough of Bromley contribution	1,540
24,726	**Gross Income**	**24,977**
	Expenditure	
24,991	Mental Health Functions	26,242
24,991	**Gross Expenditure**	**26,242**
265	**Deficit / (Surplus) for the Year**	**1,265**

The parties agreed that half the underspend on LBB funded expenditure (£47k) would be retained within pooled funds for future years. The deficit on Oxleas expenditure (£1,312k) remains within their accounts.

31 Pooled Budgets continued

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

2019/20 Better Care Fund £000		2020/21 Better Care Fund £000
	Income	
21,701	Bromley CCG revenue funding	22,902
2,153	Disabled Facilities capital grant	2,153
1,986	Carry Forward from 2018/19 - Capital	2,561
58	Carry Forward from 2018/19 - Revenue	70
25,898	**Gross Income**	**27,686**
	Expenditure	
21,689	Revenue expenditure	22,859
1,578	Capital expenditure	1,050
23,267	**Gross Expenditure**	**23,909**
	Deficit / (Surplus) for the Year	
(70)	Revenue	(113)
(2,561)	Capital	(3,664)
(2,631)		**(3,777)**

The Improved Better Care Fund (IBCF) is a grant to local authorities for spending on adult social care, including services that reduce pressures on the NHS. Spending decisions rest with the Council, however a key requirement of the grant conditions is that this is done in conjunction with wider health and social care partners. The Council is required to pool the funding into the local Better Care Fund. In addition, since 2019/20 funding allocated to councils to spend on adult social care services to help councils alleviate winter pressures on the NHS has been pooled into the Better Care Fund via the Improved Better Care Fund.

2019/20 Improved Better Care Fund £000		2020/21 Improved Better Care Fund £000
	Income	
4,636	Revenue grant funding - recurrent	4,636
1,677	Revenue grant funding - additional	1,677
1,191	*Winter Pressures Grant	1,190
3,967	Carry Forward from 2018/19	2,766
11,471	**Gross Income**	**10,269**
	Expenditure	
8,705	Revenue expenditure	7,722
8,705	**Gross Expenditure**	**7,722**
(2,766)	**Deficit / (Surplus) for the Year**	**(2,547)**

The surplus on both BCF and IBCF has been carried forward to meet agreed priorities in 2021/22.

32 *Members Allowances*

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

2019/20 £000		2020/21 £000
1,020	Allowances	1,057
11	Expenses	6
1,031	Total	1,063

33 *Non Distributed Costs*

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

- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. In the IAS 19 valuation as at 31st March 2021, the actuary estimated the past service cost in 2020/21 to be £0, (£3,820k in 2019/20).

- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of employee benefits. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs. Losses on curtailments (£nil in both 2019/20 and 2020/21) arise when the Authority allows employees to retire on unreduced benefits before they would normally have been able to do so. There was no gain or loss on settlements in 2020/21 (also £nil in 2019/20).

The following charges have been posted to Non Distributed Costs:

2019/20 £000		2020/21 £000
3,820	Past Service Costs	-
293	Other Pension Costs	288
4,113		288

34 Officers Remuneration

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

Disclosure of remuneration for senior employees 2020/21 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Compensation for Loss of Office £	Total Remuneration including Pension Contributions £
Chief Executive - A Adetosoye	215,021		215,021	18,574		233,595
Director of Corporate Services	124,494	2,564	127,058	10,861		137,919
Director of Finance - P Turner	162,320	3,106	165,426	14,681		180,107
Director of Human Resources and Customer Services - C Obazuaye	156,970		156,970	13,877		170,847
#Director of Public Health - N. Lemic-Stojcevic	177,266		177,266	23,619		200,885
Director of Environment & Public Protection	139,684	8,200	147,884	12,362		160,246
Director of Housing, Planning & Regeneration	143,250		143,250	24,856		168,106
Director of Education	106,303	2,804	109,107	18,816		127,923
	1,225,308	16,674	1,241,982	137,646	0	1,379,628

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

34 *Officers Remuneration Continued*

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

Disclosure of remuneration for senior employees 2019/20 Post holder information (Post title)	Salary (including Fees, Allowances Expenses) £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Compensation for Loss of Office £	Total Remuneration including Pension Contributions £
Chief Executive - A Adetosoye	195,399	4,545	199,944	16,201	-	216,145
Director of Corporate Services	117,254	6,159	123,413	9,926	-	133,339
Director of Finance - P Turner	153,483	5,431	158,914	13,271	-	172,185
Director of Human Resources and Customer Services - C Obazuaye	151,763	4,833	156,596	12,824	-	169,420
@Executive Director, Environmental & Community Services - N. Davies	94,222	3,092	97,314	15,923	88,000	201,237
#Director of Public Health - N. Lemic-Stojcevic	173,703	-	173,703	23,146	-	196,849
Director of Environment & Public Protection	121,641	7,618	129,259	10,279	-	139,538
Director of Housing, Planning & Regeneration	124,333	-	124,333	20,536	-	144,869
*Director of Commissioning & Procurement	3,412	128	3,540	577	92,000	96,117
Director of Education	100,276	1,164	101,440	16,947	-	118,387
	1,235,486	32,970	1,268,456	139,630	180,000	1,588,086

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

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

@ Post Holder left the employment of the Council in November 2019.

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:

	2019/20				2020/21	
Non-School Employees	School Employees	Total Employees	Annual Remuneration	Non-School Employees	School Employees	Total Employees
56	8	64	£50,000-£54,999	70	19	89
35	12	47	£55,000-£59,999	51	9	60
13	11	24	£60,000-£64,999	27	12	39
15	7	22	£65,000-£69,999	11	9	20
9	5	14	£70,000-£74,999	10	3	13
10	4	14	£75,000-£79,999	9	5	14
7	2	9	£80,000-£84,999	8	5	13
3	-	3	£85,000-£89,999	12	1	13
5	-	5	£90,000-£94,999	8	-	8
4	2	6	£95,000-£99,999	3	-	3
1	-	1	£100,000-£104,999	2	-	2
-	-	-	£105,000-£109,999	2	1	3
-	-	-	£110,000-£114,999	-	-	0
-	1	1	£115,000-£119,999	-	-	0
2	-	2	£120,000-£124,999	1	1	2
1	-	1	£125,000-£129,999	1	-	1
-	-	-	£130,000-£134,999	-	-	0
-	-	-	£135,000-£139,999	-	-	0
-	1	1	£140,000-£144,999	1	-	1
-	-	-	£145,000-£149,999	1	-	1
-	-	-	£150,000-£154,999	-	1	1
2	-	2	£155,000-£159,999	1	-	1
-	-	-	£160,000-£164,999	-	-	0
-	-	-	£165,000-£169,999	1	-	1
1	-	1	£170,000-£174,999	-	-	0
-	-	-	£175,000-£179,999	1	-	1
-	-	-	£180,000-£184,999	-	-	0
1	-	1	£185,000-£189,999	-	-	0
-	-	-	£190,000-£194,999	-	-	0
1	-	1	£195,000-£199,999	-	-	0
-	-	-	£200,000-£204,999	-	-	0
-	-	-	£205,000-£209,999	-	-	0
-	-	-	£210,000-£214,999	-	-	0
-	-	-	£215,000-£219,999	1	-	1

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

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

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

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**	
	2019/20	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20 £000s**	**2020/21 £000s**
£0 - £20,000	18	3	-	-	18	12	113	75
£20,001 - £40,000	1	1	-	5	1	6	28	151
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	2	-	-	-	2	0	134	-
£80,001 - £100,000	-	-	1	-	1	0	88	-
£100,001 - £150,000	1	-	-	-	1	0	116	-
£150,001 - £200,000	- -	-	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-	-	-
Total	**22**	**4**	**1**	**14**	**23**	**18**	**479**	**226**

In 2020/21 the total cost of £226k (£479k in 2019/20) 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:

2019/20 £000		**2020/21 £000**
	Fees payable to Ernst & Young LLP with regard to:	
92	- External audit services carried out by the appointed auditor for the year (including Whole of Government Accounts)	92
16	- Pension Fund audit fee	16
18	Fees payable to KPMG LLP for the certification of grant claims returns for the year	18
3	Fees payable to Grant Thornton for Teachers Pension Review	5
120	Fees payable to Ernst & Young LLP with regards to fee variation on 2018/19 audit of accounts.	-
249		**131**

36 Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2020/21 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2020/21 before Academy and high needs recoupment			296,418
Academy and high needs figure recouped for 2020/21			(217,595)
Total DSG after Academy and high needs recoupment for 2020/21			78,823
Plus: Brought forward from 2019/20			1,733
Less: Carry forward to 2020/21 agreed in advance			-
Agreed initial budgeted distribution in 2020/21	44,412	36,144	80,556
In year adjustments	0	301	301
Final budgeted distribution for 2020/21	**44,412**	**36,445**	**80,857**
Less Actual central expenditure	47,204	-	47,204
Less Actual ISB deployed to schools	-	34,793	34,793
Plus Local Authority contribution for 2020/21	0	-	0
Carry forward to 2020/21	**(2,792)**	**1,652**	**(1,140)**
Plus: Carry-forward to 2021/22 agreed in advance			**0**
Carry-forward to 2021/22			**(1,140)**

(a) Final DSG figure before any amount has been recouped from the Authority excluding the January 2021 early years block adjustment.

(b) Figure recouped from the Authority in 2020/21 by the DfE for the conversion of maintained schools into Academies and for high needs payments made by ESFA. Also included is the recoupment adjustments that relate to 2019/20 and were recouped by DfE until 2020/21.

(c) Total DSG figure after Academy and high needs recoupment for 2020/21.

(d) Figure brought forward from 2019/20 as agreed with the Department.

(e) Any amount which the Authority decided after consultation with the schools forum to carry forward to 2021/22 rather than distribute in 2020/21.

(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 2020/21.

(j) Amount of ISB actually distributed to schools.

(k) Any contribution from the Local Authority in 2020/21 which will have the effect of substituting for DSG in funding the Schools Budget.

(l) Carry forward to 2020/21.

(m) Plus/minus any carry-forward to 2021/22 already agreed.

(n) Total is carry-forward on central expenditur plus carry-forward on ISB plus/minus any carry-forward to 2021/22 already agreed.

37 *Grant Income*

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20 and 2020/21.

Credited to Taxation and Non Specific Grant Income	**2019/20 £000**	**2020/21 £000**
Revenue Grants:		
Business Rates Related Grant Income	5,897	76,060
General COVID-19 Grant	-	6,506
COVID-19 Hardship Fund	-	1,841
New Homes Bonus	2,577	1,613
Tax Income Guarantee	-	821
	8,474	86,841
Total Government Grants	**8,474**	**86,841**
Other Capital Grants and Contributions:	**7,836**	**6,630**
Total Credited to Taxation and Non Specific Grant Income	**16,310**	**93,471**

Credited to Services	**2019/20 £000**	**2020/21 £000**
Revenue Grants:		
Housing Benefit & Council Tax	96,190	89,670
Dedicated Schools Grant	76,264	80,857
Public Health	14,320	14,971
COVID-19 General Grant	-	13,615
COVID-19 Contain Outbreak Management Fund	-	7,695
Improved Better Care Fund	6,313	6,313
COVID-19 Income Compensation Grant	-	5,249
Education Funding Agency	3,327	4,062
Social Care Support	1,116	3,224
COVID-19 Additional Restrictions Grant	-	3,064
Adult Social Care Support	918	3,026
Flexible Homeless Support	2,762	2,762
COVID-19 Business Support Grant	-	2,315
COVID-19 Test Track & Contain Grant	-	1,370
Unaccompanied Asylum Seekers	2,113	1,348
Pupil Premium	1,121	1,214
Winter Pressures	1,190	1,190
Council Tax Support & Housing Benefits Administration	1,038	1,118
Discretionary Housing Payment	628	893
Troubled Families	908	858
COVID-19 Infection Control Fund	-	799
COVID-19 National Leisure Recovery Fund	-	762
COVID-19 Winter Grant Scheme	-	667
Homelessness Reduction Grant	-	645
Independent Living Fund	605	605
COVID-19 Workforce Capacity Grant	-	586
Step up to Social Work	194	472
Re-Opeining of the High Street Grant	-	267
Universal Infant Free School meals	248	241
Sub Total	**209,255**	**249,858**

Grant Income continued

Credited to Services continued	2019/20	2020/21
	£000	£000
Balance brought forward from previous page	**209,255**	**249,858**
Youth Justice Board	220	225
COVID-19 Clinically Extremely Vunerable Grant	-	179
COVID-19 Catch-up premium Grant	-	177
Local Reform & Community Voices	171	171
COVID-19 LA Emergency Assistance Grant		164
Staying Put Implementation	-	161
Youth on Remand	-	160
Adoption Support Fund	238	60
Skills Funding Agency - Adult Education	630	28
Preventing Homelessness	221	-
Brexit Support	210	-
SEND Implementation	118	-
Other Miscellaneous Grants	1,015	752
COVID-19 Other Miscellaneous Grants	-	596
	212,078	252,531
	£000	**£000**
Capital Grants:		
Basic Need	3,542	915
Disabled Facilities Grant	2,153	2,153
Maintenance in Schools	539	549
	6,234	3,617
Total Government Grants	**218,312**	**256,148**
Other Grants and Contributions:		
Other Grants and Contributions	805	436
Section 106 Developers Contributions	415	34
Total Contributions	**1,220**	**470**
Total Credited to Services	**219,532**	**256,618**

Grant Income continued

Credited to Services continued

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	**2019/20 £000**	**2020/21 £000**
COVID-19	12,081	13,172
Dedicated Schools Grant	1,733	0
Housing Benefit Grant	88	819
New Homes Bonus	-	73
LEP Project	73	0
Other Miscellaneous Grants	89	201
Total Government Grants	**14,064**	**14,265**
Other Grants and Contributions Receipts in Advance		
Section 106 Developers Contributions - Revenue	2,719	1,814
Section 106 Developers Contributions - Capital	8,382	7,392
Total Contributions	**11,101**	**9,206**
Total Receipts in Advance	**25,165**	**23,471**

38 *Related Party Transactions*

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

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received and outstanding from UK government departments as at 31st March 2021 are shown in the grant income Note 37.

Members

Members of the Council have direct control over the Council’s financial and operating policies. The total of Members’ allowances paid in 2020/21 is shown in Note 32. During 2020/21, there are no declarable related party transactions with the exception of the following:-

a) Councillor S Jeal was a Trustee of Expert by Experience Bromley, to which the Council paid £39,000 during 2020/21 under contract.

b) Councillor A Wilkins was employed by Hestia. The Council has contracts with this company and paid £877,000 during 2020/21.

Officers

i) During 2020/21 £19.6m was paid to Liberata in payment for services in relation to the Council's exchequer services contract. Liberata employs a family member of the Director of Finance, in a role that is not specifically related to the Bromley contract.

Other Public Bodies

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

Pension Fund

During the financial year, the average monthly cash balance of the Pension Fund was positive and as a result, interest of £67k was paid to the Fund (£14k was paid in 2019/20). In 2020/21, £1,068k was charged to the Fund for expenses incurred in administering the Fund (£672k in 2019/20).

Entities Controlled or Significantly Influenced by the Authority

The Council has entered into a joint venture (JV) agreement with Mears Group PLC for the acquisition of properties to meet demand for temporary accommodation. The JV, More Homes Bromley LLP, will raise its own funds to purchase the properties and the Council will have nomination rights and will also underwrite voids.

39 *Capital Expenditure and Capital Financing*

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

	2019/20 £000	**2020/21 £000**
Opening Capital Financing Requirement	1,215	9,576
Capital investment		
Property, Plant and Equipment	22,493	30,419
Investment Properties	-	
Revenue Expenditure Funded from Capital under Statute	11,166	6,838
	33,659	37,257
Sources of finance		
Capital receipts	6,602	1,067
Government grants and other contributions	16,900	13,586
Sums set aside from revenue:		
Direct revenue contributions	(58)	5,056
Finance Leases Repaid/Terminated	1,854	1,630
	25,298	21,339
Movement in Capital Financing Requirement	8,361	15,918
Closing Capital Financing Requirement	9,576	25,494
Explanation of movements in year		
Reduction in underlying need for borrowing (unsupported by government financial assistance)	(1,854)	(1,630)
Assets acquired under finance leases	10,215	17,548
Increase/(decrease) in Capital Financing Requirement	**8,361**	**15,918**

40 *Leases*

Finance Leases - Authority as Lessee

The Authority has entered into a number of contractual arrangements that include embedded leases that have been classified as finance leases. There are two signifcant categories.
The first is in respect of the refuse collection vehicles and plant included in the Refuse Collection contrac
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 beer classified as finance leases and 7 years has also typically been assumed as the useful life for these items.
In addition a finance lease has been recognised in relation to a number of residential properties leased from Beehive. These are assumed to have a useful life of 50 years.
Items of equipment leased by schools, mainly photocopiers, have also been classified as finance leases.
A typical useful life of 5 years has been assumed for these.
The assets acquired under these leases are carried as Vehicles, Plant and Equipment and Land & Buildings in the Balance Sheet at the following net amounts:

	31st March 2020 £000	31st March 2021 £000
Land and Buildings	-	16,697
Vehicles, Plant and Equipment	9,577	8,798
	9,577	**25,495**

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

	31st March 2020 £000	31st March 2021 £000
Finance lease liabilities (net present value of minimum lease payments)		
- current (within 1 year)	639	858
- non current (later than 1 year)	8,938	24,861
Finance costs payable in future years	1,479	8,686
Minimum lease payments	**11,056**	**34,405**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2020 £000	31st March 2021 £000	31st March 2020 £000	31st March 2021 £000
Not later than one year	824	1,290	639	858
Later than one and less than five years	3,170	5,038	2,554	3,470
Later than five years	7,062	28,077	6,384	21,391
	11,056	**34,405**	**9,577**	**25,719**

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

40 *Leases continued*

Operating Leases - Authority as Lessee

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

	31st March 2020 £000	31st March 2021 £000
Not later than one year	210	315
Later than one and less than five years	275	410
Later than five years	758	609
	1,243	**1,334**

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

	31st March 2020 £000	31st March 2021 £000
Minimum lease payments		
Resources, Commissioning & Contracts Management Portfolio	1	1
Environment & Community Portfolio	107	108
Renewal, Recreation and Housing	76	61
Education, Children & Families	0	45
Adult Care and Health Services	113	123
	297	**338**

Operating Leases - Schools as Lessee

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

	31st March 2020 £000	31st March 2021 £000
Not later than one year	1	21
Later than one and less than five years	7	10
	8	**31**

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

	31st March 2020 £000	31st March 2021 £000
Minimum lease payments		
Education	5	24
	5	**24**

40 *Leases continued*

Finance Leases - Authority as Lessor

As at 31st March 2021, the Authority holds no finance leases.

Operating Leases - Authority as Lessor

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

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

	31st March 2020 £000	31st March 2021 £000
Not later than one year	8,829	9,264
Later than one and less than five years	28,240	28,224
Later than five years	239,202	215,590
	276,271	**253,078**

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

	31st March 2020 £000	31st March 2021 £000
Minimum lease payments		
Resources, Commissioning & Contracts Management Portfolio	295	281
Environment & Community Portfolio	517	437
Renewal, Recreation and Housing	860	101
Education, Children & Families	41	70
Adult Care and Health Services	103	53
Financing & Investing Income & Expenditure	8,758	8,640
Contingent rents		
Financing & Investing Income & Expenditure	467	400
	11,041	**9,982**

41 *Service Concessions*

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

The Refuse Collection contract with Veolia ES (UK) Limited

The Authority transferred the contract for Waste Collection to Onyx U.K. Limited, now known as Veolia, from 4th November 2001 and the Waste Management contract from 24th February 2002, for 17 years. These contracts were re-awarded to Veolia from 1st April 2019 for a period of 8 years with the option to extend for a further 8 years.

The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

The total cost of this contract to 31st March 2021 was £98.6m (£90.9m to 31st March 2020).

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

41 Service Concessions continued

Bromley Mytime

The Authority transferred the responsibility for delivering its community leisure activity and services to Bromley Mytime effective from 1st February 2004 continuing 31st March 2019. The assets used to provide services to the residents of the borough are recognised on the Authority's Balance Sheet. Movements in the year are detailed in Note 14. From 1st April 2019, the contract has ended and a new leasing arrangement has been entered which is no longer considered to be a Service Concession. In return for service delivery, maintenance and enhancement of the Leisure Centres which remain in the authority's ownership, the Authority has paid a total of £18.3m to 31st March 2019. No further payments have been made since that date. There are two Council appointed representatives on the Board of Trustees.

Greenwich Leisure Ltd

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

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

In return for service delivery, maintenance and enhancement of the Libraries which remain in the authority's ownership, the Authority has paid a total of £15.8m to 31st March 2021 (£11.5m to 31st March 2020).

42 Impairment Losses/(Reversals)

During 2020/21 the Authority has charged/reversed the following impairments in respect of its non-current assets to the surplus or deficit on the Provision of Services.

2019/20 £000		2020/21 £000
1,274	Property, Plant and Equipment	(5,071)
1,274		**(5,071)**

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

2019/20 £000		2020/21 £000
(1,693)	Adult Care and Health Services	369
326	Education, Children & Families	(620)
678	Environment & Community Portfolio	(1,761)
2,740	Renewal, Recreation and Housing	(2,456)
(777)	Resources, Commissioning & Contracts Management Portfolio	(603)
1,274		**(5,071)**

43 Termination Benefits

The Authority terminated the contracts of a number of employees in 2020/21 incurring liabilities of £226k (£479k in 2019/20) - see Note 34 for the number of exit packages and total cost per band. The total expenditure in 2020/21 related to 18 employees across all departments of the Authority (23 employees in 2019/20).

44 *Disclosure of Information about Retirement Benefits*

(a) Participation in Pension Schemes

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

The Council's Pension Fund is a funded defined benefit final salary statutory scheme operated (until 31st March 2014) under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007/08 (as amended). With effect from 1st April 2014, these regulations were revoked and replaced by the LGPS Regulations 2013. The Authority and employees pay contributions into the Fund, calculated at a level intended to ensure that pensions liabilities balance with investment assets over a period of time. The Fund provides benefits for members, including retirement pensions, lump sum retirement grants and widow's pensions.

Governance of the scheme is the responsibility of the London Borough of Bromley Pensions Investment Sub-Committee and policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Sub-Committee and, as at 31st March 2021, include Baillie Gifford, Fidelity, Schroders and MFS International.

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

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

(b) Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income & Expenditure Statement when benefits are earned by employees, rather than when they are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year, based on figures provided in the IAS 19 reports as at 31st March 2020 and 2021, prepared by the Council's actuary, Mercer.

These figures include the estimated impact of the McCloud and Goodwin judgements.

	2019/20	**2020/21**
Comprehensive Income & Expenditure Statement	**£000**	**£000**
Current service cost	16,182	16,088
Past Service Costs	3,820	-
Settlements	-	-
Administration Costs	331	357
Total included in Cost of Services	20,333	16,445
Financing & Investment Income & Expenditure		
Net Pensions interest cost	1,855	2,114
Total included in Surplus or Deficit on the Provision of Services	22,188	18,559
Other Benefits Charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of Net Defined Benefit Obligation	(1,168)	(132,680)
Total Post-employment Benefit Charged to the Comprehensive Income & Expenditure Statement	21,020	(114,121)
Movement in Reserves Statement		
Reversal of net charges to the Surplus or Deficit on the Provision of Services	(22,188)	(18,559)
Employers' contributions and benefits payable direct to pensioners	11,132	9,374
	(11,056)	(9,185)
Actual return on scheme assets	(23,301)	(257,488)

44 Disclosure of Information about Retirement Benefits continued

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

Pensions Assets and Liabilities recognised in the Balance Sheet

	LGPS		Unfunded Benefits	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
Present value of defined benefit obligation	(853,487)	(969,610)	(3,548)	(3,542)
Fair value of plan assets	764,300	1,003,912	-	-
Net liability from defined benefit obligation	(89,187)	34,302	(3,548)	(3,542)

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

	LGPS		Unfunded Benefits	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
Opening Liability	909,765	853,487	3,609	3,548
Current service cost	16,182	16,088	-	-
Interest cost	21,546	20,165	81	82
Contributions by scheme members	3,263	3,583	-	-
Remeasurement (gains)/losses:				
Experience	(24,375)	(19,425)	368	(81)
Financial assumptions	(13,316)	125,831	(36)	351
Demographic assumptions	(35,945)	-	(116)	-
Past service costs	3,820	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(27,453)	(30,119)	(358)	(358)
Closing Liability (Defined Benefit)	**853,487**	**969,610**	**3,548**	**3,542**

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

	LGPS		Unfunded Benefits	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
Opening fair value of scheme assets	830,527	764,300	-	-
Interest on plan assets	19,772	18,133	-	-
Remeasurements (assets)	(72,252)	239,356	-	-
Administration Expenses	(331)	(357)	-	-
Contributions by employer	10,774	9,016	358	358
Contributions by scheme members	3,263	3,583	-	-
Settlements	-	-	-	-
Benefits paid	(27,453)	(30,119)	(358)	(358)
Closing fair value of scheme assets	**764,300**	**1,003,912**	**-**	**-**

In 2020/21, the net liability changed from a liabilty of £92.7m to a surplus of £30.8m.
This was mainly due to the fair value of plan assets increasing more than the defined benefit obligation.
The actual return on plan assets in the year was a gain of £257.5m (loss of £23.3m in 2019/20).
The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £973.2m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a positive overall balance (surplus) of £30.8m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. Employer contribution rates are set by the actuary with reference to the triennial valuations of the fund, last carried out at 31st March 2019.

44 *Disclosure of Information about Retirement Benefits continued*

(d) Fair Value of LGPS assets

	Fair value of scheme assets As at 31st March 2020 £000	As at 31st March 2021 £000
Equities	501,916	660,172
Government bonds	49,144	31,222
Other bonds	23,770	82,020
Property Funds	32,865	34,836
Other	146,287	182,310
Cash / liquidity	10,318	13,352
	764,300	1,003,912

(e) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Mercer, an independent firm of actuaries, estimates for the Fund being based on the most recent full valuation as at 31st March 2019 and latest estimates for for the Fund as at 31st March 2021.

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

	As at 31st March 2020	As at 31st March 2021
Longevity at 65 for pensioners retiring today (years):		
Men	22.8	22.9
Women	25.2	25.3
Longevity at 65 for pensioners retiring in 20 years (years):		
Men	24.7	24.8
Women	27.2	27.3
Rate of inflation - CPI	2.1%	2.7%
Rate of increase in salaries	3.6%	4.2%
Rate of increase in pensions	2.2%	2.8%
Rate for discounting scheme liabilities	2.4%	2.1%

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

McCloud Judgement

The Actuary has estimated there is no effect of the McCloud judgement in 2020/21. In 2019/20 the Governm Actuary's Department (GAD) estimated that the impact of the McCloud judgement for the LGPS as a whole could be to increase active member liabilities by around 3.2% and a potential increase in service cost of around 3% of pensionable pay based on a given set of actuarial assumptions. These additional costs are very sensitive to the assumptions made.

44 *Disclosure of Information about Post-employment Benefits continued*

(e) Basis for Estimating Assets and Liabilities continued

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

	Change of +/- 1% £000
IAS 19 Liability figure	
+ 0.1% on rate for discounting scheme liabilities	958,562
+ 0.1% on inflation rate	987,963
+ 0.1% on pay growth	974,089
+1 year on life expectancy	1,002,968

(f) Impact on the Authority's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. In the triennial fund valuation as at 31st March 2019, the Authority agreed a strategy with the scheme's actuary to recover deficits among scheme employers over the next 12 years. Funding levels are monitored and the next triennial valuation is due to be completed as at 31st March 2022. The actuary has estimated a total authority contribution of £9.374m in 2021/22.
The weighted average duration of the defined benefit obligation for scheme members is 15 years as at 31st March 2021 (15 years as at 31st March 2020).

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

(g) Bromley Employees

In 2020/21, Bromley paid into the Pension Fund a total contribution of £9.0m (17.7% of total pensionable pay), including a past deficit contribution of £0m. This compares to £11.1m (24.9%) and £2.1m in 2019/20. 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 2020/21 incorporated the results of the full valuation as at 31st March 2019, which set contribution rates to achieve a funding level of 100% of the overall liabilities of the fund over 12 years. However, as the overall liability moved to an asset in 2020/21, no deficit contribution was required.

(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 2020/21, Bromley paid £0.8m to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represented 23.7% of teachers' pensionable pay. The figures for 2019/20 were £1.6m and 20.7%. 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 2020/21 and 2019/20.

(i) NHS Staff

Former NHS public health staff who transferred to Bromley in April 2013 are members of the NHS Pension Scheme, administered by the Department for Health. This scheme is a defined benefit scheme, but, under NHS accounting arrangements, is accounted for as a defined contribution scheme.
In 2020/21, the Authority made no payment to the NHS scheme in respect of these staff (£0.1m and 14.6% in 2019/20).

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

Contingent liabilities are dependent upon the outcome of uncertain events and, consequently, cannot be quantified at the balance sheet date. For 2020/21 there are three 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) The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

3) The Council has entered into a joint venture (JV) agreement, More Homes Bromley LLP. Under the terms of a deed of covenant and guarantee, the Council has agreed to underwrite any shortfall in rental income and interest. Whilst the guarantee does not limit these payments to specific circumstances, or circumstances expected to be wholly under the control of the Council, the provision may appear to be genuine. Due to the long term nature of the arrangement and the nature of the financial liability, there is no directly observable evidence of the fair value. It is not possible, at this stage, to calculate the likely exposure to the Council as it is dependent on a number of factors and a realistic estimate cannot be quantified. A detailed analysis of the risks borne by the Council has been undertaken and it has been determined that the likelihood of any material settlement of the obligation is unlikely. The arrangement will be reviewed annually.

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

1) Contingent assets are possible assets that will only be confirmed by the occurrence of uncertain future events not wholly within the Authority's control. For 2020/21 there are two contingent assets to be disclosed:

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

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

47 *Nature and Extent of Risk Arising from Financial Instruments*

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

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

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

Credit Risk

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

The Strategy for 2020/21 was approved by Full Council in February 2020 and is available on the Council's website. It imposes a maximum amount to be invested with a financial institution at any time and sets a maximum time period for investment.

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

The Authority’s maximum exposure to credit risk in relation to its investments in other institutions and funds (£380.8m) 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 2021 that this was likely to materialise.

No breaches of the Council's counterparty criteria occurred during 2020/21 and the authority does not expect any losses from non-performance by any of its counterparties in relation to treasury deposits.

47 Nature and Extent of Risk Arising from Financial Instruments continued

Credit Risk (cont)

Amounts Arising from Expected Credit Losses

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

Debtors held at Amortised Cost	Lifetime Expected Credit Loss - Simplified Approach 2019/20 £000	2020/21 £000
Opening Balance as at 1st April	22,368	24,750
Amounts Written Off	(2,069)	(1,756)
Changes in Models / Risk Parameters	4,451	884
Balance as at 31st March	**24,750**	**23,878**

Credit Risk Exposure

A summary of the credit risk ratings (Fitch) of the Council's investments as at 31/03/21 are shown below. At the time that the investments were agreed they were in line with the credit ratings in the Treasury Management Strategy.

	Credit Risk Rating	**Gross Carrying Amount £000**
Investments Measured at Amortised Cost	AAA	23,000
	A+	45,176
	AA-	30,033
	A-	75,456
	BBB	10,025
	N/A	108,090
		291,780
Investments Measured at Fair Value through Profit or Loss	N/A	**89,039**
Total Investments		**380,819**

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

	As at 31st March 2020 £000	**As at 31st March 2021 £000**
Less than three months	9,351	9,201
Three to six months	879	1,954
Six months to one year	800	1,727
More than one year	5,586	9,077
	16,616	**21,959**

47 Nature and Extent of Risk Arising from Financial Instruments continued

Liquidity Risk

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

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

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

Principal Sum Invested as at 31st March 2020 £000		Principal Sum Invested as at 31st March 2021 £000
209,800	Less than one year	213,000
46,308	Between one and two years	77,106
74,811	More than two years	88,357
330,919		**378,463**

Refinancing and Maturity Risk

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

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

47 *Nature and Extent of Risk Arising from Financial Instruments continued*

Market Risk

Interest rate risk

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

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

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

All of the Council's term deposits placed during 2020/21 were fixed interest investments with banks, building societies, local authorities or housing associations. In addition to fixed interest deposits, the Council also has investments with a Property Fund (£40m) and a Multi-Asset Income Fund (£40m). These were placed after consultation with Link Asset Services and neither are subject to interest ratemovements.

Price Risk

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

Foreign Exchange Risk

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

Financial Liabilities

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

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander, went into administration. The authority had £5m deposited with Heritable at the time, which had been placed for two years on 28th June 2007 at a rate of 6.42%. Heritable Bank is a UK registered bank under English law and was placed in administration on 7th October 2008. As at 31st March 2021, a total of £5,044k had been received from the administrator (99% of the Council's total claim of £5,087k). In accordance with CIPFA advice, impairment losses have previously been made in the accounts and, as estimates of recovery have improved, part-reversals of those impairment losses have been made, including £58k in 2020/21. This reduced the balance of the provision for potential loss to £43k (1% of the Council's total claim).

48 *Heritage Assets: Further Information*

Heritage Assets

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

General

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

Five Year Summary of Transactions

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

Heritage Assets disclosed in the accounts include the following:

Mayoral Regalia and Insignia

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

Art Works

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

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

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

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

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

Heritage Assets not disclosed in the accounts include the following:

War Memorials and Memorial Plaques

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

Metrology Equipment

The Council owns various items of measuring equipment, such as scales and balances, that are estimated to have a total value of between £5k and £7k. They are considered de minimis 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	2019/20 £000	2020/21 £000
Income			
Amounts receivable from Council Tax payers	**(1)**	210,464	217,245
Income collectable from Business Rate payers	**(2)**	93,049	34,790
Income Collectable from Business Rate Supplement	**(3)**	2,385	843
		305,898	252,878
Expenditure			
Precepts / Demands			
- London Borough of Bromley		159,851	166,983
- Greater London Authority		42,124	43,842
Business Rates	**(2)**		
- Payments to National Pool			
- Payment to Central Government (MHCLG)		22,591	30,958
- Payment to Greater London Authority (GLA)		24,096	34,543
- Payment to London Borough of Bromley		43,444	27,772
- Cost of Collection		325	323
Business Rate Supplement	**(3)**		
- Contribution to GLA		2,379	837
- Cost of Collection/Administrative Costs		6	6
Bad and Doubtful Debts / Appeals			
- Write offs		816	321
- Provision for Appeals		1,227	(2,190)
- Increase / (decrease) in bad debt provision		1,168	3,042
		298,027	306,437
Surplus for the Year		(7,871)	53,559
Distribution of Previous Year's Collection Fund Surplus			
- London Borough of Bromley		6,753	5,872
- Greater London Authority		1,715	1,547
		8,468	7,419
Net Movement on Fund Balance		597	60,978

	£000	£000
Fund Balance		
Balance at 1st April	(12,948)	(12,351)
Net movement for year	(7,871)	53,559
Distribution of 2016/17 and 2017/18 Surplus	8,468	7,419
Balance at 31st March - Deficit / (Surplus)	(12,351)	48,627

In accordance with the statutory provisions for Collection Fund accounting, any surplus or deficit on the Fund can be transferred only in the financial year for which the budgetary provision was made. Any balance must remain on the Collection Fund and be repaid in the following year.

Council Tax Balance split into its attributable parts:

	Surplus as at 31st March 2020 £000	Distribution of Surplus in 2020/21 £000	Surplus for 2020/21 £000	Surplus as at 31st March 2021 £000
London Borough of Bromley	(11,025)	5,872	(2,400)	(7,553)
Greater London Authority	(2,901)	1,547	(657)	(2,011)
	(13,926)	**7,419**	**(3,057)**	**(9,564)**

The balance of the surplus held at 31st March 2020 will be distributed in 2021/22 and the 2020/21 surplus will be distributed in 2022/23.

Business Rates Balance split into its attributable parts:

	Deficit for 31st March 2020 £000	Distribution of estimated Deficit in 2020/21 £000	Deficit for 2020/21 £000	Deficit as at 31st March 2021 £000
London Borough of Bromley	831	434	17,208	17,605
Greater London Authority	468	243	21,224	21,449
Central Government	276	68	18,929	19,137
	1,575	**745**	**57,361**	**58,191**

The deficit held at 31st March 2021 of £58,191k will be distributed in 2021/22 and 2022/23.

Council Tax and Business Rates Net Deficit / (Surplus)	**48,627**

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	1,161	6/9	774
B	6,695	7/9	5,207
C	22,489	8/9	19,990
D	30,455	9/9	30,455
E	26,517	11/9	32,410
F	16,848	13/9	24,336
G	12,865	15/9	21,442
H	1,514	18/9	3,028
			137,642
Allowance for MOD properties, changes in exemptions, discounts and number of properties			(2,439)
			135,203
Estimated Collection Rate			97.65%
Council Tax Base 2020/21			132,026

2 *Business Rates*

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate (set by Government). The Council is responsible for collecting rates due from ratepayers in its area but until 31st March 2013 it paid the proceeds into an NNDR pool administered by the Government. The Government redistributed the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of the population. On 1 April 2014 the Government introduced a new local government funding regime, the Business Rates Retention Scheme. This removed the national pool and instead allows councils to retain a set proportion of business rates collected subject to set baselines and limits. The remainder of business rates collected are paid as precepts to the Government (CLG) and the Greater London Authority (GLA).

The total non-domestic rateable value at 31st March 2021 was assessed by the Government's District Valuer as £243,832,678. The national non-domestic multiplier for the year was 51.2p. The income collectable for the year of £34.8m (£93.0m 2019/20) 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. Collectable income was significantly reduced in 2020/21 as a result of the Corona Virus pandemic.

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 £70,000. The BRS multiplier for the year was 2 pence in the pound. The income collectable for the year was £0.843m (2.4m in 2019/20) net of reliefs on the same basis and same percentage rate as for NNDR. Collectable income was significantly reduced in 2020/21 as a result of the Corona Virus pandemic.

FORMER LRB FUND

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

Movement for year ending 31st March 2021

	Fund 1	Fund 2	TOTAL
	£000	£000	£000
Balance as at 1st April 2020	(266)	(404)	(670)
Movement in year on ex LRB functions:			
Income	(1)	(580)	(581)
Interest earnings on Fund balance	(4)	(9)	(13)
Contribution to Fund			
Expenditure	7	80	87
Distribution (note 1)	1	290	291
Balance as at 31st March 2021	(263)	(623)	(886)

Balance Sheet as at 31st March 2021

2020		2021
£000		£000
	Assets	
429	Debtors	290
429		290
241	Cash	886
670		1,176
	Liabilities	
266	Fund 1	263
404	Fund 2	623
	Creditors	290
670		1,176

Notes to accounts

1) ***2020/21 Distribution***

Of the £581,000 receipts in 2020/21, £290,000 was not received as at 31 March 2021. This will be distributed in 2021/22 and accounts for the high creditors and debtors.

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 population.

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

PENSION FUND ACCOUNT

2019/20			Note	2020/21	
£000	£000			£000	£000
		Dealings with members and employers			
		Contributions and similar payments			
7,091		Contributions - from members	5	7,717	
27,470		- from employers	5	26,038	
5,511		Transfers in from other pension funds (individual)		2,408	
	40,072				36,163
		Benefits			
(29,036)		Pensions		(29,891)	
(5,069)		Lump sum benefits - retirement	6	(4,595)	
(589)		- death	6	(631)	
	(34,694)				(35,117)
		Payments to and on account of leavers			
(133)		Refunds of contributions		(95)	
(1,232)		Transfers out (group)		(1,638)	
(1,832)		Transfers out (individual)		(3,217)	
	(3,197				(4,950)
	2,181	**Net (withdrawal) / addition from dealings with Fund members**			(3,904)
	(5,321)	**Management expenses**	7		(5,980)
	(3,140)	**Net (withdrawal) / addition including fund management expenses**			(9,884)
		Returns on investments			
23,151		Investment income	9	22,859	
(49,699)		Profit and losses on the disposal of investments and changes in the value of investments	10	313,612	
	(26,548)	Net return on investments			336,471
	(29,688)	**Net increase/(decrease) in the net assets available for benefits during the year**			326,587
	1,038,990	Opening net assets of the scheme			1,009,302
	1,009,302	**Closing net assets of the scheme**			**1,335,889**

NET ASSETS STATEMENT

31st March 2020				31st March 2021	
£000	£000			£000	£000
	150	London Collective Investment Vehicle (CIV)	**10**		150
		Investment assets	**10**		
26,568		Equities - UK (quoted)		57,944	
595,557		- overseas (quoted)		819,007	
		Pooled investments			
-		- UK unitised insurance policies		-	
321,706		- UK open ended investment companies		392,851	
		Pooled property investments			
47,017		- UK open ended investment companies		46,311	
9,205		Cash deposits held by investment managers		13,419	
2,241		Investment income due		2,106	
-		Other investment balances – sales		-	
-		- purchases		-	
	1,002,295	Total investment assets			1,331,637
	1,002,445	Total net investments	**10**		1,331,787
1,923		Long-term debtors	**14**	1,520	
		Current assets and liabilities			
4,248		Short term lending		2,808	
3,069		Current assets - debtors	**13**	3,491	
	9,240				7,820
-		Short term borrowing		-	
(2,382)		Current liabilities - creditors	**13**	(3,718)	
	(2,382)				(3,718)
	1,009,302	**Net assets of the fund available to fund benefits at the end of the reporting period**			**1,335,889**

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 16.

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 2020/21 and the underlying statutory powers underpinning the scheme, which are listed below.

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

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

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

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

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

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

The following table shows the total membership of the Fund as at 31st March 2021 and 2020. Please note membership data excludes undecided leavers and frozen refunds.

	2021	**2020**
Number of employers	130	122
Number of employees in scheme		
London Borough of Bromley	1,934	1,833
Other employers	4,271	4,420
	6,205	6,253
Number of pensioners		
London Borough of Bromley	4,881	4,590
Other employers	791	1,002
	5,672	5,592
Deferred pensioners		
London Borough of Bromley	4,091	3,758
Other employers	2,106	2,187
	6,197	5,945
Total number of members in pension scheme	**18,074**	**17,790**

1 Description of Fund continued

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active scheme members in accordance with the LGPS Regulations 2013 and, in 2020/21, ranged from 2.75% to 12.5% of pensionable pay. Contributions are also made by employers and these are set based on triennial actuarial valuations.

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage of pensionable pay. In 2020/21, total employer rates ranged from 12.5% to 35.8% of pensionable pay

(d) Benefits

Pension benefits accrued prior to 1st April 2014 are based on final pensionable pay and length of pensionable service and are calculated as follows:

Service pre 1st April 2008:

- Pension: each year worked is worth 1/80 x final pensionable salary
- Lump sum : automatic lump sum of 3/80 for each year worked x final pensionable salary. A proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

Service post 31st March 2008:

- Pension: each year worked is worth 1/60 x final pensionable salary
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum)

With effect from 1st April 2014, the LGPS became a career average scheme and pension benefits accrued after 31st March 2014 are calculated as follows:

- Pension: for each year of scheme membership, a pension equal to 1/49 of pensionable pay for that year will be added to an employee's pension account. Annual additions are then made to ensure the accrued pension keeps pace with inflation.
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum)

As well as a change to the way in which benefits are calculated, the scheme normal retirement age for benefits accrued after 31st March 2014 changed to State Pension Age or 65, whichever is later.
There is a range of additional benefits for members of the scheme including, but not limited to, early retirement, ill health retirement and death benefits

2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2020/21 financial year and its position as at 31st March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector, as well as guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG).

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the note to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 16.

The accounts have been prepared on a going concern basis. The London Borough of Bromley Pension Fund is an open scheme with a strong covenant from the participating employers and is therefore able to take a long-term outlook when considering the general funding implications of external events.
The Fund was 110% funded at the 31 March 2019 valuation and funding had improved to 115% funded at the 31 March 2022 valuation.

2 Basis of Preparation continued

Cash flow in the fund is generally provided by the ongoing excess of contributions over payments. Additionally, a portion of investment income generated by the fund is also retained as cash to provide additional liquidity. The Fund held cash of £13.4 million at the Balance Sheet date, equivalent to 1% of the Fund Assets. In addition, the Fund held £1.3 billion in Level 1 and Level 2 investment assets which could be realised within 3 months if required. The overall cash flow position is subject to periodic monitoring and review to ensure that there is sufficient liquidity in fund assets to meet any commitments. The fund can disinvest to ensure that it is able to remain liquid for a period of at least 12 months from the date the financial statements are authorised for issue. As such the accounts have been prepared on a going concern basis.

3 Summary of Significant Accounting Policies

(a) Contribution income

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

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

(b) Transfers to and from other schemes

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

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

(c) Investment Income

(i) Interest income

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

(ii) Dividend income

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

(iii) Distributions from pooled funds

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

(iv) Movement in the net market value of investments

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

3 Summary of Significant Accounting Policies continued

(d) Benefits payable

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

(e) Taxation

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

(f) Management expenses

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

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

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

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

(g) Investment management expenses

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

(h) Financial assets

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

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS9 (see Note 11).

3 Summary of Significant Accounting Policies continued

(i) Foreign currency transactions

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

(j) Cash and cash equivalents

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

(k) Financial liabilities

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

(l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As is permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see Note 16). A summary of the results of the last full actuarial valuation is shown in Note 15

(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 provider (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 17.

(n) Contingent Assets and Liabilities

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

(o) Events After the Reporting Period End

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 Pension Fund accounts and 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 accounts are adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period – the accounts are 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.

3 Summary of Significant Accounting Policies continued

(p) Basis for Valuation

Investments are shown in the accounts at market value, which has been determined as follows

Level 1 – Baillie Gifford and MFS equities. The majority of listed investments are stated at closing bid price or where not available, the last traded price as at 31 March 2021.

Level 2 - Fidelity and Schroders fixed income, pooled property and multi asset funds (when not subject to a material uncertainty clause). Closing bid price where bid and offer prices are published or closing single price where single price is published

Level 3 - Fidelity pooled property assets subject to a material uncertainty clause. Market value as published in the audited chart of accounts.

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

The Pension Fund liability is calculated every three years by the scheme actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 15. The assumptions were determined after taking into account historical experience, current trends and other factors. This estimate is subject to significant variations based on changes to the underlying assumptions. Consequently, actual results may be materially different from estimates.

The actuarial present value of promised retirement benefits is included in Note 16. Estimation of the net liability to pay pensions and the judgements used are carried out by the scheme actuary. The significant judgements relate to the discount rate used, salary increase projections, inflation and demographic assumptions. As for the 31 March 2019 figures, the figure includes the potential impact of the McCloud judgement.

Due to the global economic impact of the lockdown measures put in place by the UK Government on 23rd March 2020 in response to the Covid 19 pandemic, there has been increased volatility in equity and credit markets. This caused a significant reduction in the value of pension fund assets as at 31st March and although equity markets have started to stabilise and recover since then, there remains considerable uncertainty on the financial impact in future years. On this basis, this matter has been treated as a non-adjusting event.

The pooled property investment fund managed by Fidelity is subject to a material uncertainty clause as at 31 March 2021, due to the impact of COVID 19, the property investment fund managed by Fidelity has a market value as per the audited Chart of Accounts. The total pooled property investment in the financial statements are £46.3 million, (2019/20: £47 million). There is a risk that this investment may be over- or under- stated in the accounts.

5 *Contributions receivable*

	2019/20	2020/21
Employer Contributions	£000	£000
L.B. Bromley part of Fund		
L.B. Bromley - normal	8,872	9,632
- augmentations	332	22
- deficit funding	2,100	72
Scheduled bodies - Foundation Schools	185	142
	11,489	9,868
Other		
Scheduled bodies - normal - academies	11,698	11,998
- normal - colleges	727	717
Admitted bodies - normal	3,078	2,960
- deficit funding	478	494
	27,470	26,037
Member Contributions		
L.B. Bromley part of Fund		
L.B. Bromley	3,341	3,626
Scheduled bodies - Foundation Schools	53	53
	3,394	3,697
Other		
Scheduled bodies - academies	3,081	3,332
- colleges	317	381
Admitted bodies	299	325
	7,091	7,717

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

6 *Benefits Payable*

	2019/20 £000	2020/21 £000
Pensions	29,036	29,891
Lump Sum Benefits – retirement		
L.B. Bromley part of fund	3,293	3,677
Scheduled bodies - Foundation Schools	952	532
Admitted bodies	824	329
	5,069	4,538
Lump Sum Benefits – death		
L.B. Bromley part of fund	287	400
Scheduled bodies - Foundation Schools	136	169
Admitted bodies	167	69
	590	638

The Pension Fund is unable to present the pensions benefits payable balance per administering authority, scheduled bodies and admitted bodies as the administrator and general ledger coding are not set up to categorised the pensions benefits payable in the same way.

7 *Management Expenses*

	2019/20 £000	2020/21 £000
Administrative costs	506	888
London CIV implementation & service charge	90	110
External audit costs	21	21
Investment management expenses	4,389	4,800
Oversight and governance costs	315	160
	5,321	5,979

8 *Investment Management Expenses*

	2019/20 £000	2020/21 £000
Management fees	4,146	4,409
Custody fees	133	158
Transaction costs	110	233
	4,389	4,800

9 *Investment Income*

	2019/20 £000	2020/21 £000
Income from equities	12,098	6,505
Pooled property investments	2,120	1,909
Pooled investments	8,773	10,174
Interest on cash deposits	17	55
Interest on long term debtor	143	-
	23,151	18,643

10 *Investments*

Following a review of the Fund's investment strategy in 2017, to help manage the projected cashflow negative position of the Fund, contracts were awarded for two income distributing Multi-Asset Income Funds (20% of the Fund) and a Property Fund (5% of the Fund) in December 2017, funded by the disinvestment of the two Diversified Growth Funds, and a reduction in the allocations to Global Equities and Fixed Income. The managers as at 31st March 2021 were as follows:

Global equities: Baillie Gifford and MFS.
Fixed income: Baillie Gifford and Fidelity.
Multi-Asset Income: Fidelity and Schroders.
Pooled Property: Fidelity.

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

The bid value of the Fund as at 31st March 2020 and 2021 was divided between Fund managers as follows:

	31st March 2020		31st March 2021	
	£000	**%**	**£000**	**%**
Baillie Gifford - global equities	406,544	41.02%	599,370	45.00%
- fixed income	60,968	6.15%	0	0%
Fidelity - fixed income	83,495	8.43%	150,533	11.30%
- multi-asset income	80,613	8.13%	131,361	9.86%
- pooled property	47,017	4.74%	46,311	3.48%
MFS - global equities	215,582	21.75%	293,092	22.01%
Blackrock - global	-	0.00%		0.00%
Schroders - multi-asset income	96,630	9.75%	110,970	8.33%
London CIV	150	0.02%	150	0.01%
	990,999	100.00%	1,331,787	100.00%

The carrying amounts of financial assets held by Fund managers are held as fair value through profit and loss, with the exception of the London CIV investment which is held at cost. There is no impact from the adoption of IFRS 9 Financial Instruments.

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

	31st March 2020	31st March 2021
	£000	£000
Multi-Asset Income Fund (2)	177,243	242,330
Property Fund (1)	47,017	46,311
Global Equity Fund (1)	-	-
Sterling Bond Funds (2)	144,463	150,525
	368,723	439,167

10 Investments continued

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

	Value at 31st March 2020	Purchases	Sales	Change in value	Value at 31st March 2021
	£000	£000	£000	£000	£000
Equities	622,126	181,749	(217,712)	(290,788)	876,951
Pooled investments	368,723	108,320	(65,414)	(27,538)	439,167
	990,849	290,069	(283,126	(318,326	1,316,118
Cash deposits	9,205			(4,714)	13,414
Amounts receivable for sales	-				-
Investment income due	2,241				2,106
Amounts payable for purchases	-				-
Net investment assets	1,002,295			313,612	1,331,638

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

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year totalled £229k (£82k in 2019/20). Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles, but amounts are not separately provided to the scheme.

The Code requires the Council to disclose any single investments exceeding either 5% of the net assets available for benefits or 5% of any class or type of security. Details are shown below.

	31st March 2020		**31st March 2021**	
	£000	% of total	£000	% of total
Baillie Gifford				
- Sterling Aggregate Plus Bond Fund	53,992	5.35	-	-
Blackrock - Ascent Life Global Equities Fund	-	-	-	-
Fidelity				
- Institutional Aggregate Bond Fund	83,495	8.27	150,525	11.27
- Diversified Income Fund	80,613	7.99	131,361	9.83
- UK Real Estate Fund	47,017	4.66	46,311	3.47
Schroders - Global Multi Asset Income	96,630	9.57	110,970	8.31

11 *Fair Value Hierarchy*

The valuation of investment assets has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities and unit trusts).
Listed investments are shown at bid prices. The bid price is based on the market quotation of the relevant stock exchange. Valuation of the Fund's equities falls into this category.

Level 2 - where market prices are not available, for example where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.
The valuation of the Fund's pooled investments fall into this category.

Level 3 - where at least one input that could have significant effect on the instrument's valuation is not based on observable market data. These types of valuation are common to the valuation of alternative investments. The investment in pooled property and the London CIV falls into this category.

The following table provides an analysis of the investment assets of the Fund grouped into the level at which fair value is observable.

Determination of the fair value of assets

All investment assets are held at fair value. The determination of the fair value can be complex depending on the investment and the complexity of measurement can be represented by the fair value hierarchy. The fair value hierarchy ranks fair values at levels between 1 and 3.

	As at 31st March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Baillie Gifford				
- Global Equities	599,370	-	-	-
- Fixed Income	-	-	-	-
Fidelity				
- Fixed Income	-	150,533	-	-
- Multi Asset Income	-	131,361	-	-
- Pooled Property	-	-	46,311	-
Schroders				
- Multi Asset Income	-	110,970	-	-
MFS				
- Global Equities	293,092	-	-	-
London CIV	-	-	150	-
Cash deposits held by investment managers	13,419	-	-	-
Investment income due	2,106	-	-	-
	907,987	392,863	46,461	1,347,312

11 Fair Value Hierarchy continued

	As at 31st March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Baillie Gifford				
- Global Equities	406,544	-	-	-
- Fixed Income	-	60,968	-	-
Fidelity				
- Fixed Income	-	83,495	-	-
- Multi Asset Income	-	80,613	-	-
- Pooled Property	-	-	47,017	-
Schroders				
- Multi Asset Income	-	96,630	-	-
MFS				
- Global Equities	215,582	-	-	-
London CIV	-	-	150	-
Cash deposits held by investment managers	9,205	-	-	-
Investment income due	2,241	-	-	-
	633,572	321,706	47,167	1,002,445

11 Fair Value Hierarchy continued

The valuation basis for each category of investment asset (Level 1, Level 2 and Level 3) is set out below:

Type of Investment Asset	Basis of Valuation	Observable & Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Level 1			
Global equities	The published bid market price on the final day of the accounting period	Not required	Not required
Cash deposits held by Investment Managers	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment income due	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Level 2			
Fixed income and multi asset income	Closing bid price where bid and offer prices are published. Closing single prices where single price is published.	Not required	Not required
Level 3			
London CIV	Regulatory capital payment for pooling membership	Valued at book cost	Not required
Pooled property	Pooled property assets subject to a material uncertainty clause are valued at market value as published in the audited chart of accounts.	Valued by investment managers on a fair value basis each year	Not required

Sensitivity of Assets Valued at Level 3
The Fund has determined that the valuation methods described for Level 3 investments, are likely to be accurate within certain ranges. The Pension Funds' only Level 3 investment is the Fidelity Pooled Property investment, which is temporarily listed at Level 3 due to market uncertainty stemming from Covid 19. Please see **Note 19 - Other Price Risk Sensitivity Analysis**, which describes the value of each asset class at 31 March 2021, potential market movements (%), value on increase and decrease respectively.

12 Classification of Financial Instruments

2019/20				2020/21		
Fair value through profit and loss	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**		**Fair value through profit and loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
£000	£000	£000		£000	£000	£000
			Financial Assets			
321,706			Pooled investment vehicles	392,851		
622,126			Equities	876,951		
-			Fixed income	-		
47,017			Pooled property investments	46,311		
9,205			Cash deposits held by investment managers	13,419		
2,241			Investment income due	2,106		
150			London Collective Investment Vehicle	150		
-			Other investment balance	-		
	1,337		Current assets Debtor		1,549	
	4,248		Short term lending		2,808	
	152		Long term debtor		227	
1,002,445	**5,737**		**Total Financial Assets**	**1,331,787**	**4,584**	**-**
			Financial Liabilities			
		(2,382)	Current assets liabilities			(3,718)
		(2,382)	Short term borrowing			-
		(2,382)	**Total Financial Liabilities**			**(3,718)**
1,002,445	**5,737**	**(2,382)**	**Net Financial Assets**	**1,331,787**	**4,584**	**(3,718)**

13 Current assets and liabilities

Current assets and liabilities are held respectively on the Balance Sheet as loans and receivables and financial liabilities at amortised cost.

	2019/20	**2020/21**
Short term debtors	£000	£000
Contributions due from employers and employees	1,732	1,941
Dividend income due	1,334	1,547
Other	3	3
	3,069	3,491
Current liabilities		
Fund management fees	1,031	934
Transfers out (group)	1,232	2,667
Other	119	26
	2,382	3,627

14 Long term debtors

Long term debtors	2019/20 £000	2020/21 £000
Repayment of Exit Agreement	1,771	1,293
Reimbursement of lifetime tax allowances	152	227
	1,293	1,520

15 Funding Arrangements

The Fund is valued trienially in accordance with the provisions of the Local Government Pension Scheme Regulations 2013.
The valuation of the Fund (as at 31st March 2016) calculated a solvency funding level of 91% and set a common employer contribution rate of 20.3% and total annual lump sum past-deficit contributions of £2.6m from 1st April 2017 until 31st March 2020 with the aim of recovering that deficit over 12 years.
The most recent full valuation of the Fund (as at 31st March 2019) was carried out by the actuary during 2019/20. This calculated a new solvency funding level of 110%. For those employers where a shortfall exists, additional contributions will be required to correct this shortfall over an average recovery period of 12 years.

From 1st April 2020 until March 2023 the actuary has certified a Primary Contribution rate (i.e. the average contribution towards future service benefits across all employers) of 17.6% of pay. Secondary rate contributions of £0.1m plus 2.4% of pay per annum (totalling approximately £2.9m per annum on average across all employers) will also be payable to recover any shortfalls identified. The Secondary Rate payable also includes contributions towards the potential impact of the McCloud judgement as agreed with employers. For any schools adopting academy status from 1 April 2020, a contribution rate calculation will be carried out individually by the actuary.
The following assumptions were employed in the 2016 and 2019 valuations.

	2016	**2019**
Economic assumptions	**% p.a.**	**% p.a.**
Increases in earnings - long term	3.7	3.9
- short term (3 years)	n/a	n/a
General Inflation	2.2	2.4
Increases in pensions	2.2	2.4
Investment return - Overall discount rate	4.2	3.65
Mortality assumptions	**Years**	**Years**
Life expectancy - male aged 65 now	23.2	22.7
- at 65 for male aged 45 now	25.8	24.6
- female aged 65 now	25.9	25.1
- at 65 for female aged 45 now	28.2	27.1

Commutation assumption - It has been assumed that, on average, retiring members will take 80% of the maximum tax-free cash available at retirement. This is broadly equivalent to the assumption at the 2016 actuarial valuation.

16 Actuarial Present Value of Promised Retirement Benefits

The net liability of the London Borough of Bromley part of the Fund in relation to the actuarial promised retirement benefits and the net assets available to fund these benefits (both based on IAS 19 information available as at 31st March) is shown in detail in Note 44 to the main financial statements. The figures shown in the Net Assets Statement are in respect of the Whole Fund. The Fund is also required to disclose the actuarial present value of future benefits for the Fund as a whole. This was assessed by the Council's actuary under IAS 26 as £1,401m as at 31st March 2021 (£1,193m as at 31st March 2020).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The key feature of the proposed remedy is to extend the final salary "underpin" to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014. In preparing the 2019 actuarial valuation of the London Borough of Bromley Pension Fund, the Fund's actuary assessed, at the overall Fund level that the potential cost of the judgment could be an increase in past service liabilities of broadly £7 million and an increase in the Primary Contribution rate of 0.7% of Pensionable Pay per annum for the period to 31 March 2022. As part of the valuation, employers in the Fund were given the option to pay additional contributions to meet these potential costs.

A similar allowance of the potential costs of the Judgment has been incorporated into the IAS26 figures above based on the calculations undertaken by the Actuary as part of the 2019 valuation i.e. namely an increase of c£8m in liabilities as at 31 March 2019 (assessed on the IAS26 assumptions).

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The demographic assumptions used in the IAS 26 report were the same as those used for the 2019 full valuation (see Note 15) and the following financial assumptions were used:

	2020	**2021**
	% p.a.	**% p.a.**
Increases in earnings	3.6	4.2
Increases in pensions	2.2	2.8
Inflation	2.1	2.7
Investment return - Overall discount rate	2.4	2.1

17 Additional Voluntary Contributions

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2019/20 and 2020/21 and the total value of AVC Funds as at 31st March 2220 and 2021 is shown below.

	2019/20	2020/21
AVC contributions	£000	£000
- to Aviva	14	12
Total contributions	**14**	**12**

	2019/20	2020/21
Market Value	£000	£000
- Aviva	651	605
- Equitable Life	-	-
- Utmost Life and Pensions	56	59
Total Market Value	**707**	**664**

18 Related Parties

One member of the Pensions Investment Committee during the year were in receipt of a pension, and one is a deferred pensioner.
A special responsibility allowance of £2,064 was paid to the Chairman of the Committee in 2020/21 (£2,014 in 2019/20. No other payments were made for meeting attendance.

The Council incurred costs of £1.047m (£672k in 2019/20) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

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

	2019/20	2020/21
	£000	£000
Short-term benefits	13	14
Post-employment benefits	2	2
	15	**16**

19 Nature and extent of risks arising from financial instruments

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 requires disclosure of the nature and extent of risks arising from financial instruments. This requirement extends to the specific risks related to Pension Fund investments. Detailed disclosures concerning these risks are included in this note on the next two pages.

19 Nature and extent of risks arising from financial instruments continued

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk, price risk, currency risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet its forecast cash-flows. The Authority manages these investment risks as part of its overall Pension Fund risk management programme.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. The Fund has an asset allocation rebalancing policy that ensures that diversification is maintained in the event that particular asset class values increase or decrease to an extent that rebalancing is required to retain diversification. These ranges are reviewed quarterly by the Director of Finance. Further details of current policy are included in the Fund's Statement of Investment Principles. To mitigate market risk, the Authority and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment management agreements for non-pooled investments provide tolerances for investment manager deviation from market asset class returns expressed as the tracking error from benchmark returns. Fund officers review these metrics with Fund managers at each quarter.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Authority to ensure it is within limits specified in the Fund's investment strategy.

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2020/21, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same.

19 Nature and extent of risks arising from financial instruments continued

Other Price Risk - Sensitivity Analysis

Asset Type	Value as at 31.03.21 £000	Market Movements (+/-)	Value on increase £000	Value on decrease £000
UK bonds	150,834	0.46%	151,528	150,140
Overseas bonds	(309)	0.46%	(310)	(308)
UK quoted equities	57,949	39.26%	80,700	35,198
UK unquoted equities	150	-	150	150
Overseas equities	819,002	39.26%	1,140,542	497,462
Pooled investments - OIECs	241,883	4.50%	252,768	230,999
Pooled property investments - OIECs	46,311	2.44%	47,441	45,145
Total	1,315,820	-	1,672,819	958,823

Asset Type	Value as at 31.03.20 £000	Market Movements (+/-)	Value on increase £000	Value on decrease £000
UK bonds	129,820	5.55%	137,025	122,615
Overseas bonds	14,643	5.55%	15,456	13,830
UK quoted equities	26,568	6.48%	28,290	24,846
UK unquoted equities	150	-	150	150
Overseas equities	595,557	6.48%	634,149	556,965
Pooled investments - OIECs	177,243	4.50%	185,219	169,267
Pooled property investments - OIECs	47,017	1.70%	47,816	46,218
Total	990,998	-	1,048,105	933,891

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the base currency of the Fund, i.e. £Sterling.

Many securities denominated in foreign currencies also gain significant proportions of their income and profits from jurisdictions outside of the market on which those securities are quoted. Over the long-term, currency rates reflect value in a particular territory and, to the extent that a particular security is exposed to currency risk in a particular territory, investment managers make decisions about this in their analysis of what securities to buy, sell or hold.

The Fund manages this risk by setting investment benchmarks and comparing overall outcomes against those benchmarks. These outcomes are reported to the Director of Finance and the Pensions Investment Committee every quarter.

The Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 6%. A 6% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

19 Nature and extent of risks arising from financial instruments continued

Currency Risk - Sensitivity Analysis

Assets exposed to currency risk	Asset value as at 31.03.21 £000	Potential market movement	Value on increase £000	Value on decrease £000
Overseas bonds	(309)	(19)	(327)	(291)
Overseas equities	819,002	49,140	868,142	769,862
Cash and cash equivalents	3,184	191	3,375	2,993
Total change in assets available to pay benefits	821,877	49,312	871,190	772,564

Assets exposed to currency risk	Asset value as at 31.03.20 £000	Potential market movement	Value on increase £000	Value on decrease £000
Overseas bonds	14,643	586	15,229	14,057
Overseas equities	595,557	23,822	619,380	571,735
Cash and cash equivalents	4,410	176	4,587	4,234
Total change in assets available to pay benefits	614,610	24,584	639,196	590,026

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities.

In essence, the Fund’s entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one bank or building society. In addition, the Council may invest in AAA-rated money market funds to provide diversification.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund held £2.8m of Pension Fund cash under its treasury management arrangements at 31st March 2021 (£4.2m of temporary borrowing at 31st March 2020). In practice, the Pension Fund Revenue Account was broadly cash neutral for most of the year, and as a result, it was not considered viable to separate out Pension Fund cash from Council cash The Council reviews exposure to different classes of credit ratings for fixed-interest securities and these results are reviewed quarterly by the Director of Finance.

19 Nature and extent of risks arising from financial instruments continued

Liquidity Risk

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

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

The Fund has illiquid assets through the Fidelity Property Fund, which had a value of £46.3m as at 31st March 2021, representing 3.5% of investment assets (£48.6m (4.70%) as at 31st March 2020).

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Changes in interest rates principally affect investments held in cash or fixed interest securities. Changes in interest rates, currencies and credit risk are all inter-related and affected by many influences including sovereign interest rates and factors affecting each individual investment. Investment managers manage these risks through the choice of their investments, by having benchmark outputs to attain and reporting variances from benchmark returns. The Fund reviews outcomes versus the assigned benchmark and the exposure to different classes of credit ratings and these results are reviewed quarterly by the Director of Finance.

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

Interest rate - risk sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and visa versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

19 Nature and extent of risks arising from financial instruments continued

Assets exposed to interest rate risk:

Exposure to interest rate risk	**Asset value as at 31.03.21**	**Impact of 1% decrease**	**Impact of 1% increase**
	£000	**£000**	**£000**
Cash and cash equivalents	13,419	13,285	13,553
Fixed interest bonds	150,525	149,020	152,030
Total	163,944	162,305	165,583

Exposure to interest rate risk	**Asset value as at 31.03.20**	**Impact of 1% decrease**	**Impact of 1% increase**
	£000	**£000**	**£000**
Cash and cash equivalents	9,205	9,113	9,297
Fixed interest bonds	144,463	143,019	145,908
Total	153,668	152,132	155,205

20 Contingent Assets

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

21 Events After the Reporting Period

Due to the global economic impact of the measures put in place by the UK and other Governments in March 2022 in response to the conflict in Ukraine, there has been increased volatility in equity and credit markets. The Fund has limited investments in Russia of less than £880k as at March 2022. This is less than 0.1% of the total fund value. There remains considerable uncertainty on the financial impact in future years. On this basis, and due to the low value of investments in Russia, this matter has been treated as a non-adjusting event.

THE LONDON BOROUGH
www.bromley.gov.uk

Annual Governance Statement

2020/21

Contents

1. Executive Summary

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

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

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

Building a Better Bromley

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

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

The governance framework has been in place at Bromley for the year ended 31st March 2021 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

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

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

2. Significant Governance Issues

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

Progress made in dealing with the governance issues identified in the 2019/20 Annual Governance Statement is detailed on pages 20 to 23.

Three areas, detailed overleaf, have been identified as requiring further work during 2021/22:

Governance Issue	Action	Lead Officer
Finance A balanced budget for 2022/23 has been achieved through the Transformation Savings Programme, an improved financial settlement from Government and continuing with prudent financial management. This has been achieved despite higher levels of inflation, the medium term impact of the pandemic, ongoing growth/demographic cost pressures and the national insurance employer's increase. There remains a "budget gap" of £4.3m in 2023/24 rising to £19.5m per annum in 2025/26. The projections assume mitigation and transformation savings of £17.7m in 2022/23 rising to £29.9m by 2025/26. The projections from 2023/24 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate changes are now expected to be implemented from 2023/24 or future years – the outcome, including the impact on individual councils, is still awaited. The Government has not provided specific funding support to address the medium and longer term impact of the Covid 19 pandemic ('new normal') and there remains a significant risk that there will be a further funding shortfall from the Adult Social Care Reforms (capping of care costs and fair cost of care).	In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in: Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25	**Director of Finance**
Valuation of Fixed Assets Issues have been identified relating to the methodologies used for accounting and the valuation of fixed assets for reporting in the Council's 2019/20 Statement of Accounts.	Work will be required to ensure that Fixed Assets are accounted for in full compliance with the CIPFA Code of Practice in Local Authority Accounting, specifically: • Asset Valuations are fully supported and are undertaken in line with the requirements of the CIPFA Code • Depreciation and Impairment are properly calculated and appropriately applied to relevant asset categories • Furniture and Equipment Assets are properly identified and valued on an ongoing basis	**Assistant Director, Strategic Property**

Ongoing impact of COVID-19 pandemic on service delivery Despite the many challenges presented by the COVID-19 pandemic, the Council has delivered some key achievements through our COVID-19 response programmes and our business-as-usual work, including a balanced budget for 2021/22. The pandemic has highlighted a number of long-term challenges that we will need to continue to address. In particular, we will continue to face ongoing cost pressures on the organisation which will need to be locally managed, particularly with regard to social care provision and our ongoing local contact tracing response. However, there are also a number of potential opportunities for greater partnership working, particularly with the voluntary and community sector, that will form part of our recovery planning approach. Our work this year will be critical not only for our ongoing response to the pandemic supporting Bromley's residents, but also our commitment to the delivery of the Transformation Programme, as well as managing growth and delivering budget mitigations as part of our long-term financial management strategy.	The Council will continue its ongoing work to support the COVID-19 response: • Continued lateral flow testing offer in line with local requirements • Bromley's mass vaccination centre at the Civic Centre site will run until at least September 2021, with a maximum potential vaccination rate of 1300 residents per day • Ongoing local contact tracing in close partnership with the national scheme • Preparing agile and ready-to-implement testing plans if surge testing is required in the borough • Close monitoring of hospital discharges and any longer term potential pressure on adult social care capacity due to Covid-19 pressures • Prudent financial management of COVID-19 grants distributed by the local authority • Appropriate enforcement measures through the Public Protection service to ensure compliance with COVID-19 legislation • Determining the longer-term approach to working with the voluntary and community sector, including the retention and engagement of the 4500 volunteers who registered with the Council to support the COVID-19 response • Supporting the longer-term economic recovery of the borough • Ongoing partnership working through the Borough Partnership Forum to ensure a co-ordinated and mutually supportive local area response across all agencies Some of our key organisational priorities for 2021/22 include: • Delivering the new Council's intranet site for our staff and launching Bromley's Digital Roadmap • Relaunching the new 'Building a Better Bromley' Corporate Plan later this year, which will articulate key priorities for the Council over the next five years. • Delivering the £10 million investment in new housing to boost our housing supply and tackle homelessness • Our ongoing operational property review to determine the future of the Civic Centre site and satellite offices	**Chief Executive and Corporate Leadership Team**

	• Successful rollout of the 2021 GLA elections • Continuing our ongoing staff wellbeing engagement work, including addressing the findings of the second Staff Wellbeing Survey • Reviewing the progress of the Transforming Bromley programme at the mid-way point and identifying future transformation priorities to be delivered by 2023. To achieve the identified transformation and mitigation savings set out the 2021/22 budget, the Chief Executive's leadership team have agreed the following monitoring activity: • Regular 'Are We On Track' monthly assessments through departmental meetings to determine whether we are on course to deliver the projections • Monthly overview discussion of transformation/mitigation savings and financial impact of COVID-19 at Transformation Board • Bi-monthly 'hot spot' monitoring will continue • Full quarterly financial monitoring reports will be undertaken quarterly as at present.	

3. What is Corporate Governance?

3.1 Definition

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

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

It also states that:-

> *'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'*
>
> *'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'*

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

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

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

Bromley Council recognises that:

► Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users

► Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk

► All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

3.2 The Principles

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

Principle B – Ensuring openness and comprehensive stakeholder engagement
How we do this
• Ensuring transparency of decisions supported by an effective scrutiny and challenge process
• Consulting with residents during the budget setting process for 2021/22 and beyond

• Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
• Ensuring a clear, evidence based, decision making path
Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits
How we do this
• Having a clear vision and strategy, with key partner organisations through 'Building a Better Bromley'
• Delivering defined, sustainable outcomes within the limits of resources and authority
• Balancing competing demands with finite resources when determining priorities; managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources
• Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation's vision and short term factors such as financial constraints

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes
How we do this
• Having a clear vision and strategy setting out our intended outcomes for citizens and service users
• Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
• Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals
How we do this
• Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
• Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community

• Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
• Supporting the workforce to maintain their health and wellbeing
Principle F – Managing risks and performance through robust internal control and strong public financial management
How we do this
• Regular review of Corporate and Departmental Risks and Risk Registers
• Integration of effective risk management arrangements into the decision making process
• Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
• Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
• Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability
How we do this
• Publishing information on our activities and decisions
• Maintaining a rigorous, effective and transparent decision making and scrutiny process
• Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
• Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
• Maintaining an effective internal and external audit service, with direct access to Members

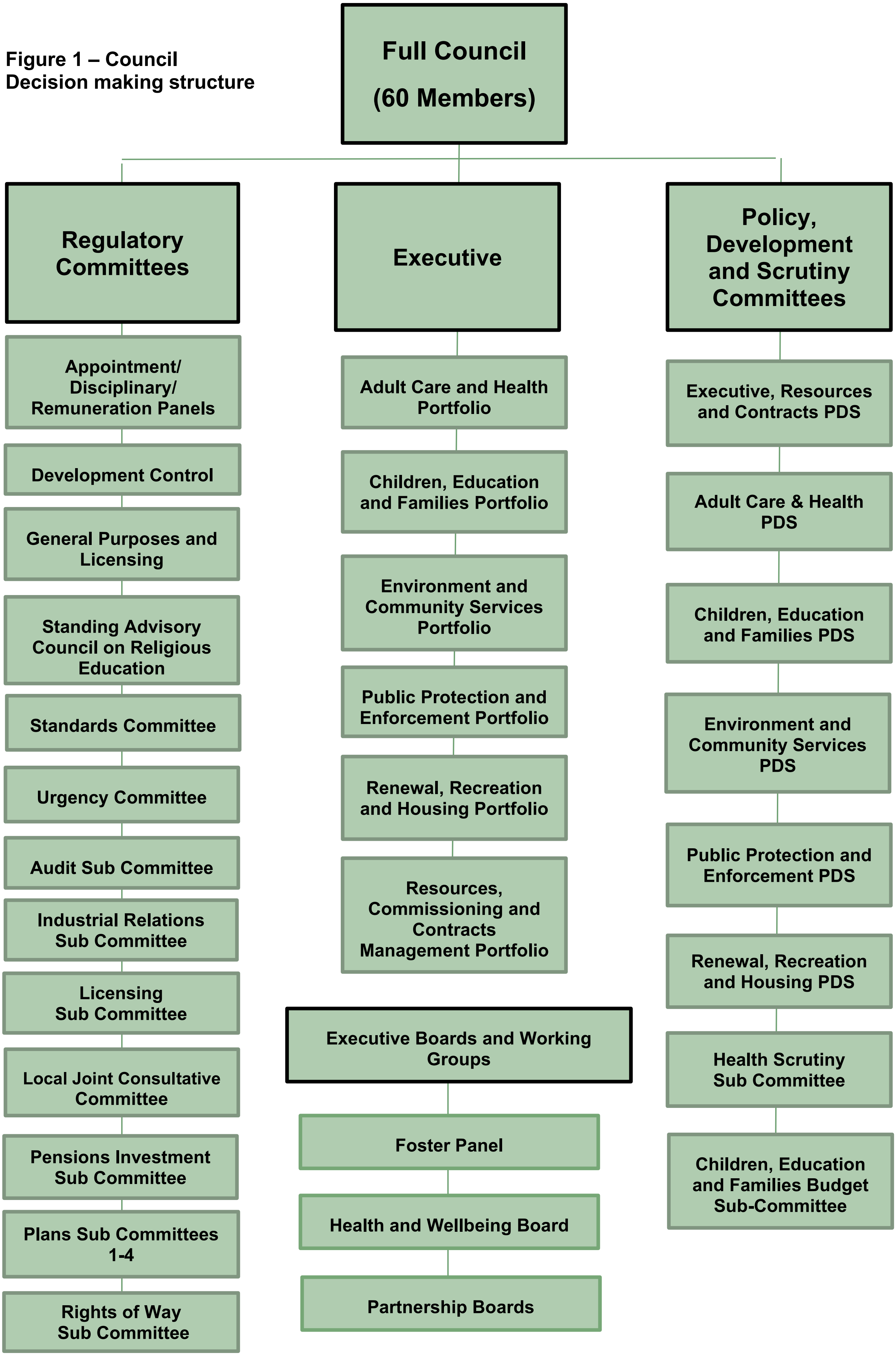
4. The Council: How it Works

This Annual Governance Statement covers the period 1st April 2020 to 31st March 2021, but it should remain up to date until the accounts are approved and audited.

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

The established decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



5. COVID–19: Amendments to the Governance Process

5.1 Democratic Principles

In response to the Covid 19 pandemic, the Council considered as a matter of urgency a number of amendments to its governance processes in order to ensure that effective decision making could continue whilst democratic accountability was preserved during the coronavirus pandemic.

The measures were designed to help the Council redeploy its resources to deal with the pandemic and ensure essential business continued whilst upholding democratic principles and protecting the health and safety of Members, officers and the public, in line with official public health guidance.

This included:

► Agreeing rules and protocols for virtual meetings

► The programme of meetings was suspended initially with the exception of Executive, Resources and Contracts PDS Committee, Development Control Committee, Planning Sub-Committees and Licensing Sub-Committee meetings. The programme was gradually reinstated by the Chief Executive, with meetings taking place virtually using Webex and live streamed for the public on Youtube via the Council webiste

► Contract Procedure Rules were varied to allow the Leader to award contracts over £1m subject to written pre-decision scrutiny

► During the period that the meeting programme was suspended, the Mayor or the Chairman of a relevant committee or sub-committee could require that a meeting of Council or a relevant committee was called

► Where a non-executive matter (save for a licensing or planning decision) was not reserved to Members, the Chief Executive with the agreement of the Mayor or the relevant committee Chairman could make that decision

► Attendance at a virtual meeting would count towards attendance under the 6 month rule

► There would be a regular review of the arrangements as and when the advice/approach from the Government changed. It was originally suggested that this would be by the end of June 2020, but arrangements were reviewed throughout the year.

5.2 Procurement Process

In March 2020, the Cabinet Office issued Procurement Policy Note (PPN) 01/20, followed shortly thereafter by PPN 02/20. Both provided guidance to contracting authorities (which includes local authorities) on procurement action that could be taken in response to the Covid 19 pandemic.

PPN 01/20 largely reminded contracting authorities of existing flexibilities within the Public Contract Regulations 2015, including the ability to directly award contracts, to utilise existing framework (or similar) agreements, to apply accelerated procedures or to extend or modify existing contracts.

PPN 02/20 set out principles for provider support during the pandemic, including relaxation of contractual requirements, continuity funding arrangements or additional funding.

In both cases, Bromley Council had anticipated the potential procurement issues raised by the pandemic and had prepared policy and guidance consistent with, and endorsed by, the Cabinet Office guidance. A formal decision was taken by the Leader in April 2020 on the policy and process, which included granting delegated authority for a six month period to Chief Officers (in Agreement with the Portfolio Holder as required) to take suitable procurement action in response to the pandemic. Where a proposed action resulted in additional expenditure over £100k, this would continue to be a Member decision, as set out in the Special Meeting of Executive on 19th March 2020.

Consideration of alternative procurement action – primarily extending contracts beyond term to avoid the capacity, resource and cost issues that would arise from implementing a tender during the period of disruption caused by the pandemic – was overseen by the Procurement Board. Where required, all decisions taken were reported to Audit Sub-Committee in the usual way.

The principles and processes set out in the Annual Governance Statement apply to contracts of all values. All contracts with a whole life value of £50k or above are reported to PDS Committees on a quarterly basis (with contracts with a value of £200k or higher also reported to Executive, Resources and Contracts Policy and Development Sub-Committee). Contracts with a whole life value below £50k are not required to be reported in this way.

In December 2020, the Leader extended the period of delegated authority to take suitable alternative procurement action for a further six months.

6. Outcomes and Value for Money

6.1 Building a Better Bromley

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. One example of this is the introduction of SharePoint, an online document management system for staff which aims to reduce paper storage requirements and time spent in retrieving documents from storage, thereby increasing officer capacity.

An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

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

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

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

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

6.2 Portfolio Plans

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

Adult Care and Health Portfolio Plan 2018-22, 2020/21 Refresh

Children, Education and Families Portfolio Plan 2020/21

Housing, Regeneration and Planning Portfolio Plan, 2020/21 Refresh

Environment and Community Services Portfolio Plan 2020/21

Public Protection and Enforcement Portfolio Plan 2020/21

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

Adult, Care and Health Portfolio Plan 2018/22 - Quarter Four Update Covering Report (June 2021)

Adult, Care and Health Portfolio Plan 2020/21 - Quarter Four Update (June 2021)

Children, Education and Families Portfolio Plan 2018/22 - Quarter Four Update Covering Report (June 2021)

Children, Education and Families Portfolio Plan 2018/22 - Quarter Four Update (June 2021)

Housing, Planning and Regeneration Portfolio Plan 2020/21 Quarter Four Update Covering Report (June 2021)

Housing, Planning and Regeneration Portfolio Plan 2020/21 - Quarter Four Update (June 2021)

Environment and Community Services Performance Overview (June 2021)

Public Protection and Performance Overview (June 2021)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

The Accounts and Audit Regulations (2015) require the Statement of Accounts to be considered and approved by resolution of a Committee or Full Council. Following approval, the Statement of Accounts must be signed and dated by the person presiding at the meeting at which that approval was given. Before the Committee is able to approve, the Director of Finance must re-confirm on behalf of the authority that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the authority at the end of the financial year and of the authority's income and expenditure for that year.

The Accounts and Audit Regulations were amended during 2020 in light of the Coronavirus pandemic, extending the deadline for publication of the draft accounts from 31st May to 31st August. The Regulations also extended the deadline for publication of the final audit accounts from 31st July to 30th November.

The Regulations have been further amended during 2021 with the deadlines for draft and final audited accounts set at 31st July and 30th September. These updated Regulations will apply for 2020/21 and 2021/22 and then be subject to a further review.

In relation to the Council's Statement of Accounts for 2018/19, an unqualified audit opinion was signed by the external auditor on 13 August 2020. The external auditor, EY, presented its audit findings to the General Purposes and Licensing Committee on 30th July 2020. The audit was substantially delayed owing to material mis-statements in the valuations used for the Council's fixed assets which required new valuations to be completed and significant adjustments to be made to the accounts, including a prior period adjustment.

In relation to the Council's Statement of Accounts for 2019/20, draft accounts were published on 30th June, with the external audit starting during August. Whilst good progress was made in most areas, there were delays in the provision of information to EY and in responding to auditor queries. Some delays occurred due to the Coronavirus pandemic, with officers working off site and documentation not being readily accessible in an electronic format (in some cases paper documents and records required bulk scanning). Most significantly, the audit revealed a number of errors in relation to the Council's accounting treatment of fixed assets. These have required significant work by officers to rectify and owing to this and other outstanding matters completion of the audit was delayed to 2022. The external auditor produced an updated Audit Results report which was considered by the General Purposes and Licencing Committee on 8th February 2022. This report stated that the audit was 'substantially completed', though some matters remain outstanding. The auditor also stated that it will need to consider the impact of uncorrected mis-statements and other areas of uncertainty on the final audit opinion for 2019/20.

Value For Money (VFM) Conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

The Council's external auditor has not yet been able to issue a VFM conclusion for 2018/19 owing to outstanding objections in relation to 2016/17, 2017/18 and 2018/19. Additionally, as a result of these objections the audit for these years cannot be formally concluded and an audit certificate issued.The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 13th January 2021 with the approach on using reserves and other key financial matters reported to Executive on 10th February 2021. Forward financial planning and financial management is a key strength at Bromley. These reports continue to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2021/22. It is important to note that some caution is required in considering any projections for 2022/23 to 2024/25 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. The report on 13th January 2021 provided an update on the funding and costs of the Covid 19 pandemic and the estimated financial impact for 2021/22. The Covid 19 pandemic has created a higher level of uncertainty for the financial forecasting in future years, particularly with uncertain outcome of the 'new normal'.

Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25

2021/22 Council Tax

7. How do we know our arrangements are working?

7.1 The Role of Management

The senior officer forum is the Chief Officer's Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children Education and Families
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services

- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources and Customer Services

The purpose of the Chief Officer's Executive (COE) is:

► High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation

► Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and reviews the Council's Forward Plan on a regular basis to ensure smooth and timely decision making

► Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment

► Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT

► Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

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

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

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.

During 2020/21, the Corporate Risk Management Group met twice (September 2020 and January 2021), undertaking its usual programme of scrutiny. Although the meeting scheduled for April 2020 was postponed, the draft Annual Governance Statement for 2019/20 was circulated to all members of CRMG for comment.

Risk Registers remained live documents throughout the year, with the Risk Reporting cycle to the Corporate Leadership Team and Committee completed in full. Audit Sub Committee received the refreshed Corporate Risk Register and all Departmental Risk Registers at their meetings of July and November 2020. Executive, Resources and Contracts PDS received five Risk Information Briefings and each relevant PDS Committee had the opportunity to scrutinise the Departmental Risk Register falling within its remit.

The Standards Committee of 2nd March 2021 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the protocol for Co-opted Members, the LGA (Local Government Association) draft Code of Conduct consultation, Complaints, Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

Monitoring Officer's General Report 2nd March 2021

Appendix 1 (Work Programme)

Appendix 2 (Guidance to Co-opted Members

The Council's Constitution requires that a report is made each year to full Council which summarises work carried out by Policy Development and Scrutiny (PDS) Committees. This report was considered by the Executive, Resources and Contracts PDS Committee on 24th March 2021 and Full Council on 19th April 2021.

Policy, Developement and Scrutiny Annual Report 2020/21

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

7.2 The Role of the Audit Committee

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

Audit Sub Committee Meetings (Agendas, Papers, Minutes)

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

7.3 Our Governance Framework

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

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

7.4 Annual Governance Assurance Statement

Each member of the COE is required to confirm that:

'In meeting my responsibilities above, I have:

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

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

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

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

7.5 External Inspections/Peer Reviews

The Council received the annual Local Government & Social Care Ombudsman letter for the year ending 31st March 2020, which summarised Ombudsman complaints/enquiries received, and the decisions made about, the London Borough of Bromley. With a commitment to an ethos of continuous improvement and using feedback from a variety of sources to learn, understand and take action to improve services; we continue to place our focus on the outcomes of complaints and what can be learned from them.

Local Government and Social Care Ombudsman Annual Review Letter 2020 (22nd July 2020)

7.6 The Role of Internal Audit

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

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

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval. The latest updates to the Charter were approved by the Audit Sub Committee on the 9th March 2021.

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

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

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

In view of the unprecedented impact of Covid 19 with Internal Audit Staff being seconded to Covid Work programmes and revisions to audit plans, the Annual assessment is based on the following:

- The Audit work undertaken including the assurance opinion ratings
- The follow up reviews determining how the authority responds to identified weaknesses and in particular Priority 1 recommendations
- Contributing advice and challenge to management to find new ways of working
- Providing real time assurance in respect of Covid 19 work programmes, including advice and guidance on establishing control systems
- Providing pre event and post event assurance on high risk and high spend Covid 19 work programmes
- The Council's approach to risk management
- Internal Audit's review of the supporting evidence for the Annual Governance Statement
- Assurance Statements from Directors
- Assurance Statements from Lead Officers for Second Line of Defence functions

The results of the above provide reasonable assurance that there is an adequate and effective framework of governance, risk management and a sound system of control within the Council designed to meet the organisation's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority 1 recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged. The Head of Internal Audit's Annual report (Audit Sub Committee June 2021) provides details of exceptions and provides further context. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

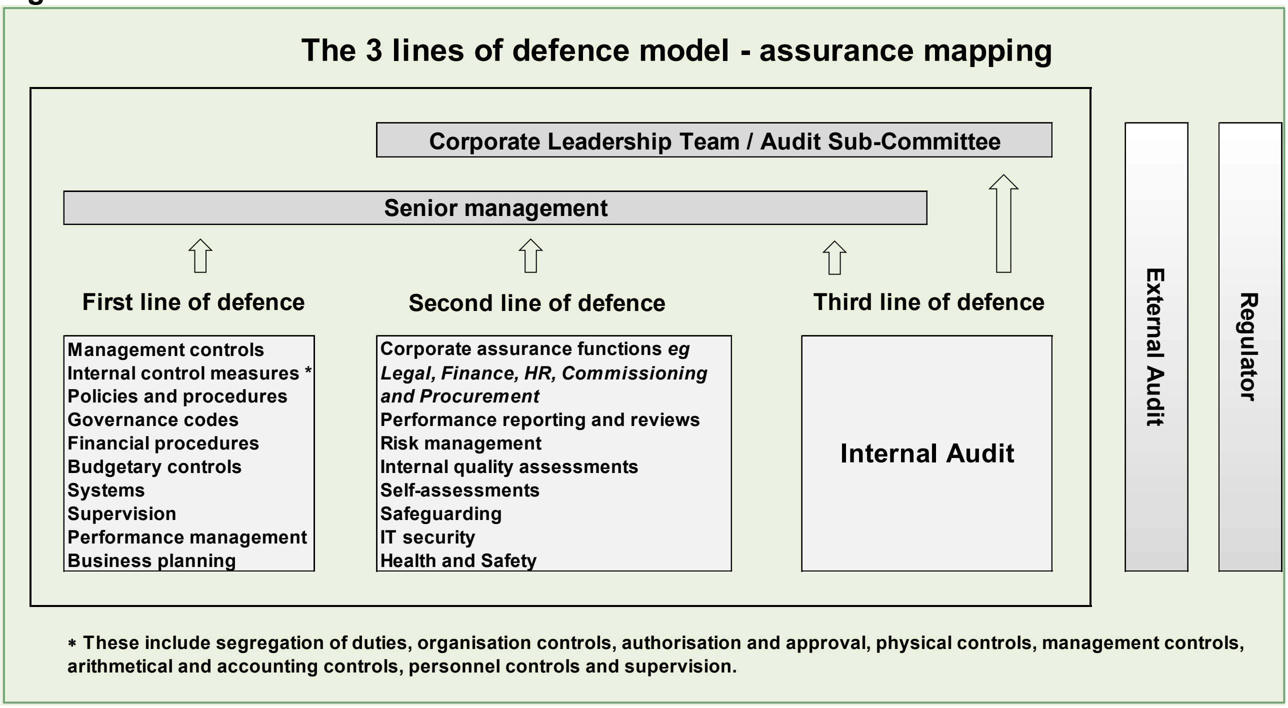
8. Our Strategic Risks

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

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

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

Figure 2 – 3 Lines of Defence Model



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

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

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

Corporate Risk Register

9. Looking Back on 2019/20

Governance Issue	Action	Progress
Finance A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with prudent financial management, but there remains a "budget gap" of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the Covid 19 Pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council's financial forecast projections.	In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in: Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24	The Council contained overall spend within the 2019/20 Budget as well as delivered significant investment resources available for future housing schemes through the Housing Investment Fund Reserve. Robust financial management, whilst ensuring effective service delivery approach, has continued to ensure overall costs are contained within the overall budget. This approach also helps reduce the future years cost pressures. The Council continues to have challenges with low government funding levels but remains 'better placed' than many other authorities due to its approach to managing resources effectively.
Valuation of Fixed Assets Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council's 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council's assets.	The agreed sample of assets for the 19/20 Valuation was undertaken by a new external valuation team – meeting the valuation deadline for 31 March 2020. Valuation methodology has been shared with the external auditors. Recommendations as to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations have been made as part of the Transforming Property to a Corporate Landlord proposals which will see the Council recruiting a Registered Valuer, agreeing methodology statements and enhancing its data sets and source data/record keeping for Asset Valuations during 2020.	The Council has appointed a Registered Valuer to the position of Head of Assets and Investment Management as part of its Transforming Property Programme. In July, the Leader acting as Executive Decision Maker, agreed to the recommendation to allocate an annual budget for future external valuers to undertake the Council's annual statutory valuations. The 2020/21 sample of assets will be undertaken by the same external team who undertook the 19/20 valuation work. Work is currently underway to provide a new Property Data base for the Council and to market test future statutory valuation works for 2021/22 onwards.

Impact of COVID-19 pandemic on service delivery

The Covid-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society.

This pandemic is causing a significant impact on Local Government and the Council has had to adapt to this changing landscape.

There are risks to service delivery; from for example an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services.

In common with many organisations the Council has shifted to employees working from home and adopted new operating models to continue business.

It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m Million by 2023/24.

The Government has provided additional grant funding. To aid cash flow, the Government made up front payments of grants, including pre-COVID-19 business rates relief compensation and support grant. The Government announced that councils would also be allowed to defer business rates central share payments due to the Government over the next three months and social care grants would all be paid in April 2020 rather than monthly in April, May and June.

The Council is doing remarkable work to address the challenges brought by COVID-19.

Strategic and Tactical Coordination Groups have been established to mitigate the impact on the Council's services:

- Meeting and reporting structures are in place
- Decision making processes have been streamlined
- Action has been taken to mitigate surge in identified critical services
- Effective partnership working has taken place to collectively mitigate risks
- Overarching command and control structure for London Local authorities are in place
- Effective communications strategy and delivery are in place
- Mutual aid agreement is in place across the South East Boroughs
- Adoption of financial relief measures offered by Government
- HR processes refined and in place to support

The Council will development and implement a recovery strategy

Bromley's response to the impact of COVID-19 has been mobilised through the hard work and commitment of elected Members, residents, local businesses, partner organisations, local voluntary and community groups, and officers across the Council. These key groups have come together to support the most vulnerable and at risk people in our communities during these unprecedented times, while keeping business-as-usual services running and ensuring a balanced budget for 2021/22 through the Transformation Programme.

In Bromley, the Council's governance arrangements for the COVID-19 strategic response programme have been as follows:

- The Leader of the Council is the strategic sponsor and lead for the Council's response
- The Chief Executive maintains operational leadership on a daily basis
- Executive Portfolio Holder for Care and Health maintains leadership at the political level with the Deputy Leader and the Executive acting as critical friends.

The weekly COVID-19 strategic group is chaired by the Chief Executive and is attended by all Directors, as well as a number of key senior officers. The purpose of this group has been to oversee the strategic response to the crisis, ensure continued service provision in all key areas across the Council and to oversee the delivery of the communications plan for Members, staff and residents.

Some of the key achievements of our COVID-19 response programmes include:

- Providing support for over 20,000 residents during the pandemic who were identified as 'clinically extremely vulnerable'.

		• Registering over 4500 residents as volunteers and matching over a thousand of them with residents to assist with day-to-day tasks, including shopping, collecting prescriptions and dog-walking • Distributed and managed a number of grants in excess of £200m including the COVID-19 Grant, Infection Control Grant and Emergency Assistance Grant. • Developing a local Test and Trace team to support the national NHS scheme. We consistently achieved an 88% success rate for reaching patients to obtain their contacts and offer support with self-isolation • 24,000 Lateral Flow Tests (LFTs) in our 2 Centres (Civic and Kentwood) • Almost 18,000 vaccines delivered through the Bromley Civic Centre Mass Vaccination Site in its first month of operation (March 2021). • Modelling hospital discharge pathways to manage pressure on adult social care capacity, which has been shared nationally as a beacon of good practice. • Procuring and delivering over one million items of PPE. • Providing testing to all providers of residential and nursing care, domiciliary care and testing for residents. • Introduced new discharge arrangements with Bromley Healthcare and the CCG by setting up a Single Point of Access (SPA) system to ensure swift and timely hospital discharges and keep hospital beds free • Displayed COVID-19 social distancing signage in parks, green spaces and local high streets • Accommodated 92 people who were identified as sleeping rough or at risk of rough sleeping during the government's 'Everyone In' initiative. • Supporting schools to remain open for those children and young people who have a

		named social worker or are the children of key workers • Enabled multi-agency teams to be put around every school in the borough through the Council's 'Trailblazer' status to ensure that a full range of mental health and wellbeing services is accessible to children and young people. • An overarching recovery plan for the Council has been drafted, with local departmental recovery plans owned by each member of the Chief Officers' Executive Group. The Council has managed to deliver a balanced budget for 2021/22. The 2021/22 Draft budget includes transformation savings of £3.6m and mitigation savings (to offset growth/cost pressures) of £12.7m – a total of £16.3m that needs to be delivered in 2021/22 towards balancing the budget.

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issue defined on pages 3 and 4 to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Chief Executive

Date 9th March 2022

Signed

Leader of the Council

Date 9th March 2022

Appendix 1 – Links to Documents

Page 2	**Building a Better Bromley**
http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley	
Page 3	**Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25**
https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf	
Page 12	**Adult Care and Health Portfolio Plan 2018-22 - 2020/21 Refresh**
https://cds.bromley.gov.uk/documents/s50083488/ACH20-044%20APPENDIX%201%202020%2009%2029%20Adult%20Care%20and%20Health%20Portfolio%20Plan%202020-21.pdf	
Page 12	**Children, Education and Families Portfolio Plan 2020/21**
https://cds.bromley.gov.uk/documents/s50084372/CEF20027%20CEF%20Portfolio%20Plan%202020-21%20-Q2%20update.pdf	
Page 12	**Housing, Regeneration and Planning Portfolio Plan**
https://cds.bromley.gov.uk/documents/s50084242/Housing%20Planning%20and%20Regeneration%20Portfolio%20Plan%202020-21.pdf	
Page 12	**Environment and Community Services Portfolio Plan**
https://www.bromley.gov.uk/downloads/file/547/environment_and_community_services_portfolio_plan	
Page 12	**Public Protection and Enforcement Portfolio Plan**
https://www.bromley.gov.uk/downloads/file/548/public_protection_and_enforcement_portfolio_plan	
Page 12	**Adult, Care and Health Portfolio Plan 2018-2022 Update - Quarter Four Update Covering Report (June 2021)**

https://cds.bromley.gov.uk/documents/s50089737/ACH21-035%20ACH%20Portfolio%20Plan%202021-21%20Q4%20Refresh%20and%202021-22%20Refresh%20ACH%20PDS%2029.06.21.pdf	
Page 12	**Adult Care and Health Portfolio Plan 2020/21 - Quarter Four Update (June 2021)**
https://cds.bromley.gov.uk/documents/s50089738/ACH21-035%20APPENDIX%201%202020-21%20ACH%20Portfolio%20Plan%20Q4%20Update%20ACH%20PDS%2029.06.21.pdf	
Page 12	**Children, Education and Families Portfolio Plan 2018-22 - Quarter Four Update Covering Report (June 2021)**
https://cds.bromley.gov.uk/documents/s50089417/Children%20Education%20and%20Families%20Portfolio%20Plan%202018-2022%20Refresh%20202122%20and%20Quarter%204%20Update%202020.pdf	
Page 12	**Children, Education and Families Portfolio Plan 2020/21 - Quarter Four Update (June 2021)**
https://cds.bromley.gov.uk/documents/s50089419/Appendix%202%20-%20Children%20Education%20and%20Families%20Portfolio%20Plan%20Quarter%204%20Update%20202021.pdf	
Page 12	**Housing, Planning and Regeneration Portfolio Plan 2020/21 Quarter Four Update Covering Report (June 2021)**
https://cds.bromley.gov.uk/documents/s50089471/2021%2006%2016%20HPR%20Portfolio%20Plan%202020-21%20Q4%20update%20and%202021-22%20Refresh.pdf	
Page 12	**Housing, Planning and Regeneration Portfolio Plan 2020/21 - Quarter Four Update (June 2021)**
https://cds.bromley.gov.uk/documents/s50089472/2020-21%20HPR%20Portfolio%20Plan%20Q4%20Update.pdf	
Page 12	**Environment and Community Services Performance Overview (June 2021)**
https://cds.bromley.gov.uk/documents/s50089251/21.05%20ECS%20Performance%20Overview_FINAL%20RELEASED%20v3.pdf	
Page 12	**Public Protection and Enforcement Performance Overview (June 2021)**
https://cds.bromley.gov.uk/documents/s50089255/Final%20PDF%20version%20of%20POR-PPE.pdf	

Page 13	**Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25**
https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf	
Page 13	**2021/22 Council Tax**
https://cds.bromley.gov.uk/documents/s50085962/Exec%20100221%20Council%20Tax%20Report.pdf	
Page 15	**Monitoring Officer's General Report 2nd March 2021**
https://cds.bromley.gov.uk/documents/s50086645/MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 15	**Appendix 1 (Work Programme)**
https://cds.bromley.gov.uk/documents/s50086646/MONITORING%20OFFICERS%20GENERAL%20REPORT%20APPENDIX%201.pdf	
Page 15	**Appendix 2 (Guidance to Co-opted Members)**
https://cds.bromley.gov.uk/documents/s50086647/MONITORING%20OFFICERS%20GENERAL%20REPORT%20APPENDIX%202.pdf	
Page 15	**Policy, Developement and Scrutiny Annual Report 2020/21**
https://www.lgo.org.uk/documents/councilperformance/2020/london%20borough%20of%20bromley.pdf	
Page 15	**Audit Sub Committee Meetings (Agendas, Papers, Minutes**
http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0	
Page 17	**Local Government and Social Care Ombudsman Annual Review Letter 2020 (22nd July 2020)**
https://cds.bromley.gov.uk/documents/s50087144/Annual%20Scrutiny%20Report%202020-21.pdf	
Page 19	**Corporate Risk Register**

https://cds.bromley.gov.uk/documents/s50064510/Appendix%20A2%20-%20Corporate%20Risk%20Register.pdf?CT=2	
Page 20	**Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25**
https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf	

GLOSSARY OF TERMS

Accounting Policies
The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary
An independent consultant who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses
Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

Agent is where the Council is acting as an intermediary.

Balance Sheet
A statement showing the position of the Council's assets and liabilities as at 31st March in each year.

Billing Authority
A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its areas. Bromley is a billing authority.

Budget
A forecast of the Council's planned expenditure. The level of the council tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Adjustment Account
This reserve includes amounts set aside from either revenue resources or capital receipts to fund the acquisition of fixed assets.

Capital Charges
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt
The proceeds from the sale of a fixed asset.

Carrying amount
Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Change in Accounting Estimate
Is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

Collection Fund

Statutory account showing transactions in relation to collection of Council Tax, administration of National Non-Domestic Rates and contributions made to the General Fund of Bromley Council and the GLA.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax

A local charge (or charges set by the council and the GLA) in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge (poll tax) on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Support

The Council operates a national council tax benefit scheme which supports pensioners and working age people on low incomes to pay their council tax.

Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Asset

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

Current Expenditure

A general term for the direct running costs of local authority services, including employee costs and running expenses.

Current Liability

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

Current Service Cost

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

Debtors
Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

Deferred Capital Receipts
These result mainly from loans to Housing Associations plus outstanding loans in respect of past sales of Council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long-term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

Demand on the Collection Fund
Represents the amount calculated by the council or the GLA to be transferable from the council's collection fund to its general fund.

Depreciation
The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves
Reserves set aside for a specific purpose or a particular service or type of expenditure.

Employee benefits
Are all forms of consideration given by an entity in exchange for service rendered by employees.

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

a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Fair Value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

Fixed Assets
Tangible assets that yield benefit to the local authority and its services for a period of more than one year.

Formula Grant
The main channel of government funding which includes re-distributed Business Rates and Revenue Support Grant. There are no restrictions on what local authorities can spend it on.

Going Concern
The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Greater London Authority
A strategic authority for London created on 3rd July 2000.

Historical Cost

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Housing Benefit
Financial help given to local authority or private tenants whose income falls below prescribed amounts.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets
Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths, bridges and sewers.

Intangible Assets
An intangible asset is an *identifiable* non-monetary asset without physical substance. It must be *controlled* by the authority as a result of past events, and *future economic or service benefits* must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Inventories
Are assets:

a) in the form of materials or supplies to be consumed in the production process
b) in the form of materials or supplies to be consumed or distributed in the rendering of services
c) held for sale or distribution in the ordinary course of operations, or
d) in the process of production for sale or distribution.

Investment Property
Is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes, or
b) sale in the ordinary course of operations.

Levies
A payment that a local authority is required to make to a particular body (a levying body) to meet London wide services. Levying bodies include the London Pensions Fund Authority, London Boroughs Grants Committee, Environment Agency and Lee Valley Regional Park.

Material
Material omissions or misstatements of items are material if they could, individually or collectively, Statement influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NNDR - National Non Domestic Rates
Non-Domestic Rates, or Business Rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced on 1 April 2013, the Council keeps a proportion of the business rates paid locally.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributable Costs
These include overheads for which no user benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

Non-Operational Assets
Fixed assets held but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets
Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost
The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Pensions Interest Cost
The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

Post Balance Sheet Events
Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Post-Employment Benefits
Are employee benefits (other than termination benefits) which are payable after the completion of employment.

Present Value of a Defined Benefit Obligation
Is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Provision
An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

Recharges
The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

Recoverable Amount
Of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

Related Parties

Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other party; or
(ii) the parties are subject to common control from the same source; or
(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction
Is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves
Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value
Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation Reserve
This reserve records accumulated gains on fixed assets arising from periodic asset revaluations.

Revenue Expenditure
The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute
Expenditure incurred that may be capitalised under statutory provisions but that does not add value to the Council's fixed assets.

Revenue Support Grant - RSG
A general grant which replaced rate support grant in 1990-91. Now distributed as part of the Formula Grant.

Ring-Fenced Grants
These grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

Sales, Fees and Charges
Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees.

Short-Term Employee Benefits
Are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

Soft Loans

Loans made at less than the prevailing rate of interest and which consequently involve subsidisation of the borrower.

Specific Grants

These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

Statutory Revenue Provision

A prudent amount charged to the revenue account to provide for the repayment of debt.

Tangible Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Tax Base

The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates entitlement to Formula Grant.

Usable Capital Receipts Reserve

This reserve records receipts from fixed asset disposals that are available to finance capital expenditure.

Useful Life

The period over which benefits will be derived from the use of a fixed asset.

VAT

Is an indirect tax levied on most business transactions and on many goods and some services.

- Input Tax is VAT charged on purchases.

- Output Tax is VAT charged in sales.