www.bexley.gov.uk

Statement of Accounts

2018-19

Contents

Paul Thorogood,
Director of Finance &
Corporate Services

Dear Residents,

At the end of another challenging, but successful, financial year, it is pleasing to see that Bexley's reputation for strong, stable management of its finances is in evidence once more.

This year was the eighth since the former Coalition Government set out on a so-called period of austerity with the objective of rebalancing the national budget. During that time, successive Governments have reduced the level of financial support provided to councils, and so local spending on services has continued to fall in absolute or real terms.

Bexley has prided itself on being proactive about facing this challenge head on, and looking to transform the way it does business in order to continue to deliver an ambitious agenda within a reducing financial envelope. Having joined part way through the 2018/19 financial year, I have been impressed with the clarity that exists within the council's recognition of the need to be 'self-sufficient' financially, and the vigour with which it is pursuing the means to achieve that.

Central to that ambition is the Council's Growth Strategy for the borough. This was adopted, with cross party support, by the Cabinet in December 2017. The Growth Strategy makes clear the importance of enhanced transport infrastructure in delivering on the rich potential that exists in Bexley. We are hopeful for the Elizabeth Line when it opens, and for services not just to Abbey Wood, but also the potential further east to Ebbsfleet, taking in more stations within the borough of Bexley. Our strong partnerships with neighbouring boroughs in Kent provide a strong foundation for this work. The Government has committed £4.85m for a study into options for the extension of Crossrail.

Within London, the agreement of a Business Rate Pool for London has been very beneficial. In 2018/19 the pool allowed for a 100% retention in London, which reduces to 75% in its final year (2019/20). This collaborative venture has seen London retain a greater share of its business rate yield, to be spent on local services and on building up the infrastructure in Bexley and London.

BexleyCo has been established with the intention being that we use it as a vehicle to drive development in the borough on our terms, while generating a profit in the long-term that we plan to plough back into Bexley to keep the quality of services residents deserve. The Council has ambitious plans and each project is evaluated and business cases approved where they meet these plans.

Most importantly, we have continued to deliver high quality services to the residents of Bexley, and to act as their voice in championing the borough with our public sector partners, and beyond the borough boundaries too.

2018/19: An Overview

In 2018/19 effective management saw us achieve our financial target. An important contributory factor to this was the use of the Contingency built into our base budget, which was managed prudently during the year.

A review of historic balances has been undertaken which has identified some additional, one-off credits which have been applied in 2018/19. These are, in part, offset by the need to impair some loans in compliance with accounting changes brought about by the introduction of the IFRS9. This prudent approach to loans such as those to BexleyCo and the Thames Innovation Centre leaves a balance of £3.4m to be applied to the General Fund.

We will need to maintain tight financial controls as social care and housing demand is rising inevitably due to demographic change and a very difficult housing market for many residents. Growing pressures in relation to 'High Needs' within the Education sector, contributed to our local maintained schools needing to utilise their reserves to balance their books. There has been a very significant cost pressure in respect of services for children and young people with special educational needs funded through the High Needs Block of the Dedicated Schools Grant. The number of Education Health and Care Plans has increased by almost 20% in the course of a year and this, combined with increasing complexity of need, has caused an overspend of around £2.5m on the High Needs block (in addition to a planned drawing on reserves of £0.4m already assumed in the budget).

As a result of this pressure, Bexley will carry forward for the first time a significant accumulated deficit on DSG reserves of around £2.8m. A deficit budget of £3.2m has been set for 2019/20 and there are further cost pressures which means that the accumulated deficit is likely to worsen to more than £7m by March 2020.

Before we go into detail on the outturn, I want to draw your attention to where our money comes from and how it is spent and how we are seeking to generate additional resources. Over 50% of our funding has terms and conditions attached to it. The largest grants are Housing Subsidy that pass through our books through to residents receiving benefits and Dedicated Schools Grant, most of which goes directly to schools, both maintained and academies.

Pooling of Business Rates

One way to generate additional resources is to grow the local economy, which will in return increase the business rates tax base. By 2020/21, Central Government intends to have fundamentally reformed the system for funding local government with the purpose of increasing local self-sufficiency. Most recently, The Ministry of Housing, Communities and Local Government (MHCLG) has committed to the retention of 75% of business rates by local government but the long-term target remains 100% retention.

As a result of the national deficit reduction policies, all local authorities have experienced exceptional reductions in Government funding. In London, all Councils agreed to a pilot pooled arrangement of business rates, where they share the benefits of growth. By retaining local growth, this allows councils to reinvest in the key services and infrastructure improvements. The Council is awaiting to hear what happens with Business Rates, but we are pressing for the pool to continue, and for the retention to be set at 100% again in future years.

Bexley's Growth Strategy

Bexley's Growth Strategy was approved by the Cabinet in December 2017. The strategy sets out the Council's long-term vision and principles for good growth, particularly from 2020 to 2050. Subject to significant investment in the right infrastructure in the right places, the Strategy sets out how up to 31,500 new homes and 17,500 new jobs could be secured across the borough by 2050.

The six themes of the Strategy are

- Economic development
- Housing development
- Transport provision
- Social infrastructure provision
- Achieving good health and wellbeing
- Green and blue infrastructure and biodiversity

Growth areas have their own development frameworks which cover the following main areas: Thamesmead; Belvedere; Erith; Slade Green; and Crayford

The creation of BexleyCo by the London Borough of Bexley supports the Bexley Growth Strategy. The BexleyCo Business Plan seeks to set out the proposition of both the scope and scale of BexleyCo's activities for the period 2019-2025 and beyond. The activities of the company will support and assist the Growth Strategy as well as producing an income stream for the Council as shareholder and primary funder.

It is proposed that BexleyCo will deliver 2,500 homes in the Borough over the next ten year period over. These developments could potentially facilitate and encourage further housing development opportunities within the Borough.

Bexley's Balance Sheet

	31/03/2017	**31/03/2018**	**31/03/2019**
	£'000s	**£'000s**	**£'000s**
Equity	£342.6m	£337.5m	£508.9
Borrowing	£118.1m	£172.7m	£205.1m
Debt/Equity Ratio	34.50%	51.20%	40.28%

Our capital investment programme has seen us increase our level of borrowing. Our level of debt as a proportion of the Council's net worth stands at 40%. This is still relatively low compared to other Council's and is comfortably within the Council's prudential indicators, as set out in our Annual Treasury Statement.

Nonetheless, Bexley needs to determine whether the revenue cost of borrowing is affordable and prudent and if it is cost effective to borrow early in the current low interest environment to fund its growth strategy.

Reserve Levels

As the Section 151 officer, I have also taken account of the reserve levels and I have advised that a prudent level of General Fund reserves is at least £12m. This level is required to ensure there are sufficient resources for both working capital and to cover emergency expenditure.

	31/03/2017 £'000s	Movement £'000s	31/03/2018 £'000s	Movement £'000s	31/03/2019 £'000s
Earmarked Reserves	(53,491)	6,507	(46,984)	16,358	(30,626)
General Fund	(12,824)	(908)	(13,732)	1,000	(12,732)
General Fund Reserves	(66,315)	5,599	(60,716)	17,358	(43,358)

Similarly, over the years, Bexley has prudently built up a number of reserves. Some are to fund very specific purposes, such as needing an appropriate level of Self-Insurance Reserve, while others are to support future year transformation programmes, such as the Financial Planning Reserve.

In 2018/19 the budget was set with a level of reserves being called upon. In addition the reduction in earmarked reserves in 2018/19 relates to the level of investment in projects that are planned to have a financial return in future years. These reserves should generally not be used to plug long-term funding gaps. This is why Bexley has wisely put in place a growth strategy and why it is continually look to transform itself and generate new sources of revenue.

Bexley’s Medium-Term Financial Plan

The medium term financial planning process is an essential part of the Council’s strategic planning framework. The Medium Term Financial Strategy integrates strategic and financial planning over a four year period. It translates the Corporate Plan priorities into a financial framework which enables the Cabinet and officers to ensure policy initiatives can be delivered within available resources, and can be aligned to priority outcomes.

In February 2019, the Budget Gap was £31.444m, with the biggest pressure on 2020/21 as shown below.

	2020/21 £'m	2021/22 £'m	2022/23 £'m
February 2019 – Budget Gap	18.825	9.468	3.151

The Council's approach for closing the gap is building on that adopted for last year's budget; using an outcomes based approach for allocating resources in line with the Council's priority spending areas as per the Corporate Plan. Building on a strong foundation, this work has used a pragmatic approach, identifying opportunities for redesign and reshaping services in order to reduce cost and maximise income with a particular emphasis on:

- Maximising the potential of income generation and taking a clearly commercial approach where appropriate to do so;
- Seeking potential for working differently through partnership and with local communities;
- Ensuring we have secured all efficiencies and are practicing robust 'housekeeping' throughout;
- Looking for opportunities to support residents to do more for themselves;
- Re-procurement and re-negotiation of contracts;
- Exploiting the opportunity that digital transformation can provide;
- Making the best use of our assets; and
- Considering what action we can take to influence and reduce demand.

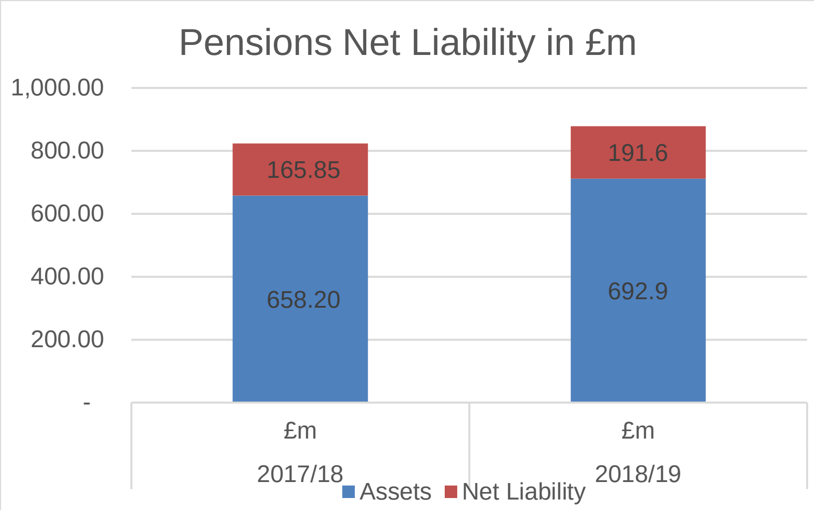
Pension Fund

The Council participates in the Local Government Pension Scheme (LGPS) for the majority of its staff. The net estimated pension liability for Bexley on the LGPS is £191.6m as at 31st March 2019 compared with £165.9m as at 31st March 2018. Estimation of liability is based on a number of judgements relating to the discount rate used, salary increases, changes in retirement age, longevity, interest rates, inflation and expected returns on assets.

The Pension Fund's net assets rose by £34.7m in 2018/19, from £658.2m to £692.9m, while the liability increased by £60.5 from £824.1m to £884.6m. This mainly reflects the increase in the discount rate as agreed with the scheme actuary

The net liability is the additional amount that the Council will have to set aside or generate through investment returns to fund the pension entitlements that have been built up to date by members of the Pension Fund.

This year there was a reduction in discount rate of 0.3% pa this resulted in an increase in the pension liability. Further information on the basis of the IAS19 disclosure is included in notes 40-41.



Revenue Outturn

The table below provides a summary of the outturn position by Directorate. This leaves a net outturn position for service budgets of a £1.814m overspend. Once corporate budgets and funding have been taken into account, there is an underspend on the general fund of £1.715m. However the outturn also considers the situation with regards to the Schools, and a deficit here of £2.715m results in an outturn position overall of a £1m overspend.

Budget, Outturn and Variation 2018/19 by Directorate

Directorate	Current Approved Budget 2018/19 £'000	Outturn 2018/19 £'000	End of Year Variation 2018/19 £'000 (+) – overspend (-) - underspend
Chief Executive	5,746	6,235	**489**
Childrens and Education*	58,039	57,752	**(287)**
Adults and Public Health	48,462	51,535	**3,073**
Places and Communities	65,507	65,700	**193**
Finance and Corp Services	6,507	4,853	**(1,654)**
Net service outturn	**184,261**	**186,075**	**1,814**
Corporate Budgets	**(23,045)**	**(24,253)**	**(1,208)**
Aggregate External Funding	**(161,216)**	**(163,357)**	**(2,321)**
General Fund Outturn	**-**	**(1,715)**	**(1,715)**
Schools	**-**	**2,715**	**2,715**
Outturn	**-**	**1,000**	**1,000**

Note: * Childrens and Education relates to the Council services, Bexley's Schools are shown separately.

The main variations by Directorate are shown below:

Chief Executive's overspend of £0.489m. There were no significant end of year variations in the Directorate. There were some overspends related to increased staffing costs within some services and underachievement of income, for example on land charge fees.

Children & Education's underspend of around £0.287m. There was a broadly balanced outturn position for social care and an underspend on education services. The majority of London Boroughs have been forecasting significant overspends on Children's Services, so Bexley's outturn position appears unusually favourable.

The main financial pressure within social care related to staffing. Budget monitoring in the first half of the financial year highlighted an overspend of £0.7m due to an increased level of agency staff covering key professional posts. The level of agency staff was reduced in the second half of the year in order to curtail the overspend. However, management of the staffing budget will continue to require close attention given the challenges associated with recruiting and retaining permanent social workers and there has been further investment in an additional cohort of newly qualified social workers through Bexley's Social Work Academy since September.

These pressures were offset by underspends on specialist placements (-£0.4m) together with underspends and additional inter-authority income for in-house placements and adoption services (-£0.8m). The net cost to Bexley (after Government grants) of supporting unaccompanied-asylum seekers was also lower than budgeted (-£0.3m).

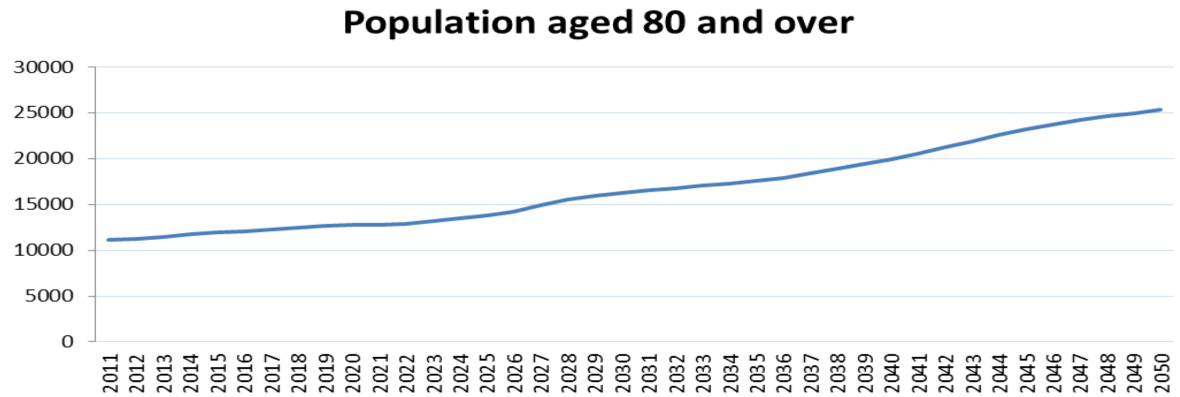
The main cost pressure within education related to transport for children and young people with special educational needs, where there was an overspend of £0.4m. This overspend was more than offset by additional income from the Dedicated Schools Grant in support of statutory duties (-£0.7m)

Adults' overspend of £3.073m. In the final quarter of the 2017/18 financial year a number of factors came to light which indicated that the underlying adult social care cost base was higher than had been previously understood. Unfortunately by the time the extent of the additional financial pressure was fully identified it was too late to amend budget assumptions. As a result the service started the 2018/19 financial year with a significant discrepancy between the cost base – particularly for home care and residential care services – meaning that a significant overspend was unavoidable.

In addition to these baseline pressures, there was slippage in delivery of savings, primarily relating to the staffing budget where implementation of new management structures and redesigned pathways has taken longer than originally planned.

A series of mitigations which were put into place, including short-term staff savings, reviews of high cost placements, negotiations with providers to reduce inflation-linked fee uplifts, stricter controls on hospital discharge arrangements and use of non-recurring funding streams. These mitigations reduced the potential pressures to around £3.2m.

Rising adult social care spend is also due to demographic change. People aged 80+ are projected to double between 2018 and 2050 (12,600 to 25,300). Their proportion of the total population is anticipated to rise from 4.8% to 8.3%. This is why it is so important that adult social care is funded appropriately, and the sector continues to lobby the government.



Places, Communities & Infrastructure overall overspend was £0.193m. which was mainly due to an overspend of £2.4m on Housing. The causes of the rise in expenditure included higher costs following the retendering of contracts for the supply of Temporary Accommodation; an increase in the number of homeless acceptances; initiatives to tackle homelessness failing to produce the desired results. The main balance to this overspend was an increase of nearly £1.6m on parking income, which resulted in a large part from a change in accounting practice for income from a cash basis to an accrual basis in line with the Council's accounting policy.

Finance & Corporate Services overall position was an underspend of £1.654m. Officers undertook a review of historic balances on Council Tax and Business Rates has been undertaken which has identified some additional, one-off credits (-£2.3m) which need to be applied in 2018/19. There were abortive costs, of £0.6m, on the Capital Programme relating to Nags Head, Wilde Road and Bridge which were previously capitalised for regeneration schemes previously considered. The costs had to be written off to revenue in accordance with financial reporting standards. New schemes are being developed by the Regeneration and Assets team for future consideration by the Planning Committee.

Corporate Budgets are considered to be non service specific expenditure and include financing and investment costs, levies, movements in reserves, other operating income and expenditure and statutory adjustments

The table shows an outturn underspend of £1.208m for Corporate Budgets. For the final outturn the underspend on Contingency had increased to £2.5m as there were fewer calls on the contingency budget which was set up at the start of the year. For 2019/20 the Contingency Budget has been reduced as part of the Budget setting process.

Under International Financing Reporting Standard (IFRS) 9 we have to review any long term loans we give out and consider collectability based on the financial performance of the companies we have given the loans to. We have prudently made an impairment provision of £0.3m for Bexley Co and £0.45m for the Engine House (formerly the Thames Innovation Centre).

Capital Outturn

	SPEND			FUNDING					
	Actual 2018/19 £'m	Current Progamme 2018-19 £'m	Variance to Current Programme £'m	Grants & Other Contribution £'m	s.106 & CIL £'m	Capital Receipts £'m	Capital Funded from Revenue £'m	LBBexley Borrowing £'m	Reserves £'m
Growth	29.822	41.024	(11.202)	1.489	0.166	1.935	-	26.232	-
Health & Social Infrastructure	12.839	14.696	(1.858)	3.009	2.719	0.287	0.500	6.324	-
Green Infrastructure, Environment & Leisure	1.135	1.508	(0.373)	0.400	-	0.379	-	0.357	-
Culture	0.068	0.279	(0.211)	0.019	-	0.005	-	0.044	-
Digital Infrastructure	0.192	0.300	(0.108)	0.003	-	0.189	-	-	-
Schools & Education	11.334	12.945	(1.611)	11.334	-	-	-	-	-
Transport Infrastructure	9.776	13.556	(3.780)	5.057	-	0.004	-	4.715	-
Corporate Assets & Other Schemes	1.383	2.861	(1.478)	0.070	-	0.007	-	1.071	0.234
Capital Investments	1.137	1.294	(0.157)	0.014	-	-	-	1.123	-
Total Capital Expenditure	67.686	88.463	(20.778)	21.394	2.886	2.805	0.500	39.866	0.234

During the year, the Council's capital outlay was £67.7m against a budget of £88.5m, with an aggregate slippage of £20.8m. A robust review will also take place to ensure that all schemes are required in future years. The nature of the variance in 2018/19 relates to the profiling of expenditure and the level of activity on projects, as opposed to schemes being cancelled.

Capital Programme & Borrowing

It is also important to recognise that the largest single financing source in 2018/19 was borrowing. In future years, capital resources will reduce significantly at a time when the capital programme is growing, much of it tied to the aforementioned Growth strategy.

Capital Programme	B/fwd £m	Current Progamme 2019-20 £m	Current Progamme 2020-21 £m	Current Progamme 2021-22 Onwards £m	Total £m
Growth	11.203	12.332	12.733	10.133	46.401
Health & Social Infrastructure	1.858	13.680	9.980	2.980	28.498
Green Infrastructure, Environment & Leisure	0.372	11.040	1.226	1.160	13.798
Culture	0.211	2.660			2.871
Digital Infrastructure	0.108	2.320	2.085	1.395	5.908
Schools & Education	1.611	23.871	1.837	1.659	28.978
Transport Infrastructure	3.779	6.120	2.770	2.520	15.189
Corporate Assets & Other Schemes	1.478	3.329	1.960	1.960	8.727
Capital Investments	0.157	47.373	25.216	47.669	120.415
Total Capital Expenditure	**20.778**	**122.725**	**57.808**	**69.476**	**270.785**

A further knock-on impact of the Councils' investment strategy is the impact on its short-term cash investment returns.

It is also always worth celebrating the successes of the past year and to remember why so many of us find working in local government so rewarding…

Growth that Benefits All

In its response to the report of the flagship Thames Estuary 2050 Growth Commission, the Government indicated that it is open to the possibility of extending Crossrail from Abbey Wood to Ebbsfleet and has committed £4.85m for a study into options. The Government also confirmed support for the wider vision for the whole Thames Estuary area of 1.3 million new jobs, £190 billion of economic growth potential and 1 million new homes. This announcement comes after four years of campaigning by Bexley and our partners in the C2E campaign.

Following the adoption of the Council's Growth Strategy, the Council is keen to ensure that any development is consistent with our aspirations for quality and sustainable communities which we call "good growth". The Council has now been awarded £1.6m from the Mayor of London's Good Growth Fund, which the Council will receive from 2019/20. The funding will be used to make further improvements to Erith town by rejuvenating existing open spaces, bringing empty buildings into use, nurturing innovation and making the most of Erith's unique setting by the River Thames.

Plans continue to support the regeneration of Sidcup town centre. Our aim in developing the new library/cinema and regenerating Sidcup Manor House is to make Sidcup an even more attractive place to visit with a diverse range of shops, businesses and leisure opportunities.

Clean & Green Local Places

Hall Place and Gardens and Lesnes Abbey Woods have been recognised as two of the very best parks in the world by the Green Flag Award Scheme. Hall Place also received the much-coveted extra Green Heritage Site Accreditation for the management of its historic features. Hall Place has now received a Green Flag award for an incredible 22 years in a row.

Bexley ranked in the top 20 Councils in the UK in terms of repairing serious potholes straight away. The list was drawn up by the RAC Foundation and Bexley's average response time is one hour. As well as responding to direct reports from members of the public, all the borough's roads are subject to two walked safety inspections throughout the year.

Phase 7 of the Council's highly successful Memorial Vaults scheme at Erith Cemetery is nearing completion. This new section will further open up the previously unused sloping area of the cemetery and provide more fully memorialised vaults surrounded by a new sunken garden with attractive seating and planting.

Strong & Resilient Communities

The Council and NHS Bexley CCG are developing a new way for people with a learning disability, including those with complex or healthcare needs, to access high quality care and support services. This involves the development of Individual Service Funds, which gives a service user choice over how their needs are met and how support is provided but without having to manage the budget as a Direct Payment themselves. Instead, a provider holds and accounts for the budget, working with the service user to plan and deliver support flexibly to achieve their agreed outcomes.

In Danson Park, the new woodland walk is taking shape after a lot of hard effort from the Probationary Service who now have a static group working in the park. Danson Friends have plans to make it even more accessible and interactive as we move forward towards the summer months. The Old English Garden is reaping the rewards of the hard work invested by the Friends of The River Shuttle. Regular meetings with Friend Groups and Stakeholders is encouraging greater community involvement and enhancing the visitor experience.

The Gambling Commission has awarded the London Borough of Bexley a licence to operate a Community Lottery – the Bexley Community Lottery will be a way to unlock new sources of funding for our local voluntary community sector while providing an opportunity for our residents to support local good causes - and be in with a 1 in 50 chance of winning a cash prize!

Strong & Resilient Families

Following an inspection in July, Bexley's Children's Services were judged by Ofsted to be outstanding. Inspectors found that services for children, young people, families and carers had significantly improved since the previous inspection in 2014. They commented in particular on the ambitious and effective work to protect children and to help families stay together where it is safe enough to do so. Overall the service in Bexley was described as being underpinned by many skilled practitioners who know the families and young people well and make effective relationships with them which are helping their lives to be better.

Publication of the 2015-18 Adoption Scorecards prompted a congratulatory letter from the Parliamentary Under Secretary of State for Children and Families, Nadhim Zahawi, MP. Bexley has met the government's threshold for both the time taken to place children with their adoptive families, and for the average time between a local authority receiving a court authority to place a child and deciding on a match to an adoptive family for children adopted in 2015-18. Our performance shows that we have reduced unnecessary delays and improved the outcomes for children in Bexley.

This year also saw the official launch of Bexley's local offer for young adults leaving the Council's care. The local offer is a new information guide that describes a range of support to assist young people in their early adulthood and independence, including the promotion of health and well-being, relationships, education and training, employment, accommodation and participation in society. As corporate parents we recognise that our job does not end when these young people leave us. We want to do our best to give them every opportunity we can as they continue into adulthood.

Living Well

January saw the start of construction of the new Cleeve Meadow School in Sidcup. The school will be designed to provide specialist education for 120 pupils aged 11-19 with moderate learning difficulties. The new free school will have 12 teaching rooms, a therapeutic hub, large open-plan library and IT space. Facilities will also include a specialist music department, performing arts centre and a full-sized artificial football pitch that will also be available for Cleeve Park School pupils to use. Outside of school hours, the facilities will also be available for community use. The first pupils will be welcomed from September 2019, with the building work scheduled to be completed by Spring 2020. The school has been made possible by Central Government funding, along with a £2million contribution from the London Borough of Bexley, who are also leading the project on behalf of the Department for Education.

The Council's Shared Lives Service received a 'Good' rating from CQC, following a three-day planned inspection in February 2019. This is the same rating as the last inspection in August 2016, confirming that the service has continued to meet the characteristics of 'Good' in all areas. Bexley Shared Lives Service recruits, trains and supports self-employed Shared Lives

Carers (SLCs) who provide placements and respite care for vulnerable adults within their own family homes in the community.

Prevention and early intervention to keep people out of hospital and help them to maintain optimum health and well-being remains a key Bexley priority. Smoking is the borough's biggest contributor to ill-health and premature death. Although Bexley's smoking prevalence is now the lowest in south east London at 11.7%, latest figures show that 1775 Bexley residents were admitted to hospital due to a smoking related illness. Bexley is the top performing local authority in London for successfully supporting smokers out of their addiction. Effective collaboration with Bexley GPs and the Bexley Clinical Commissioning Group provision has ensured that free quit support remains available in over half of our 23 GP Practices as well as in four community settings – every day of the working week mornings, afternoons and evenings.

Innovation and Self Sufficiency

The Council and NHS Bexley CCG are developing a new way for people with a learning disability, including those with complex or healthcare needs, to access high quality care and support services. This involves the development of Individual Service Funds, which gives a service user choice over how their needs are met and how support is provided but without having to manage the budget as a Direct Payment themselves. Instead, a provider holds and accounts for the budget, working with the service user to plan and deliver support flexibly to achieve their agreed outcome.

Paul Thorogood ACCA CPFA

Director of Finance and Corporate Services,
London Borough of Bexley.

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 ensure that one of its officers has the responsibility for the administration of those affairs. In this case, the responsible officer is the Director of Finance & Corporate Services;
- To manage its affairs in order to generate an economic, efficient and effective use of resources and to safeguard its assets; and
- To approve the Statement of Accounts.

The Responsibilities of the Director of Finance & Corporate Services

The Director of Finance & Corporate Services is ultimately responsible for the preparation of the Authority's Statement of Accounts, which in terms of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"), is required to present fairly the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31 March 2019. In preparing the Statement of Accounts, the Director of Finance & Corporate Services has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that the Accounts on Pages 20 to 131 present a true and fair view of the financial position of the Authority as at 31 March 2019 and of its income and expenditure for the year ended 31 March 2019.

Date:**19 November 2019**

Signature:

Paul Thorogood ACCA, CPFA
Director of Finance and
Corporate Services

I confirm that the 2018-19 Statement of Accounts for London Borough of Bexley and Bexley Pension Fund were approved by the General Purpose and Audit committee on 19th November 2019.

Signature:

Cllr. Nick O'Hare
Chair of the General Purposes and
Audit Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BEXLEY

Opinion

We have audited the financial statements of London Borough of Bexley for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement and the related notes 1 to 44, and
- Collection Fund and the related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Bexley as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and Corporate Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's

ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Narrative report set out on pages 2 to 13, other than the financial statements and our auditor's report thereon. The Director of Finance and Corporate Services is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, London Borough of Bexley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Director of Finance and Corporate Services

As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities set out on page 14, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance and Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the London Borough of Bexley had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Borough of Bexley put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to the members of London Borough of Bexley as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Dawson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

London

[19 November 2019]

The maintenance and integrity of the London Borough of Bexley's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Comprehensive Income and Expenditure Statement

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

2017/18 Gross Expenditure £'000	2017/18 Gross Income £'000	2017/18 Restated Net Expenditure £'000		Notes	2018/19 Gross Expenditure £'000	2018/19 Gross Income £'000	2018/19 Net Expenditure £'000
92,095	(42,120)	**49,975**	Adults		89,330	(41,419)	**47,911**
136,227	(89,721)	**46,506**	Children & Education		158,921	(105,148)	**53,773**
91,838	(35,461)	**56,377**	Places, Community & Infrastructure		96,105	(34,454)	**61,651**
119,915	(97,275)	**22,640**	Finance & Corporate Services		135,485	(97,065)	**38,420**
5,462	(384)	**5,078**	Chief Executive		15,146	(6,489)	**8,657**
4,830	-	**4,830**	Corporate				**-**
450,367	**(264,961)**	**185,406**	**Cost of Services**		**494,987**	**(284,575)**	**210,412**
		28,723	Other Operating Expenditure	11			**152**
		7,678	Financing and Investment Income and Expenditure	12			**6,345**
		(181,698)	Taxation and Non-Specific Grant Income	13			**(189,894)**
		40,109	**Deficit on Provision of Services**				**27,015**
		(34,081)	Surplus on Revaluation of PPE and Heritage Assets	14,15			(74,047)
			Other Movements on Revaluation of Non Current Assets	25			(437)
		(21,815)	Remeasurements of the Net Pensions Defined Benefit Liability	25			7,874
		(15,787)	**Total Comprehensive Income and Expenditure**				**(39,595)**

Expenditure and Funding Analysis

The Expenditure and Funding Analysis note accompanies the Comprehensive Income and Expenditure Statement to show how annual expenditure is used and funded from resources (government grants, rents, 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 directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18					2018/19			
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Bases	Other Adjustments	Net Expenditure in the CI&ES		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Bases	Other Adjustments	Net Expenditure in the CI&ES
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
49,370	3,114	2,015	**54,499**	Adults	50,604	2,116	(4,809)	**47,911**
41,997	12,071	3,731	**57,799**	Children & Education	46,069	16,368	(8,664)	**53,773**
43,067	15,160	2,154	**60,381**	Places, Community & Infrastructure	48,404	18,929	(5,681)	**61,651**
4,774	216	207	**5,197**	Finance & Corporate Services	12,499	9,702	16,219	**38,420**
2,127	295	278	**2,700**	Chief Executive	3,659	3,151	1,847	**8,657**
(8,198)	(4,592)	17,620	**4,830**	Corporate				**-**
133,137	**26,264**	**26,005**	**185,406**	**Net Cost of Services**	**161,234**	**50,266**	**(1,088)**	**210,412**
(134,045)	8,246	(19,498)	**(145,297)**	Other Income and Expenditure	(160,235)	(40,610)	17,447	**(183,397)**
(908)	**34,510**	**6,507**	**40,109**	**(Surplus) or Deficit**	**1,000**	**9,656**	**16,359**	**27,015**
(12,824)				Opening General Fund	**(13,732)**			
(908)				(Surplus) or Deficit on General Fund	1,000			
(13,732)				**Closing General Fund at 31 March 2019**	**(12,732)**			

Movement in Reserves Statement 2018/19

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. Additional detail on these reserves is given in Note 24 and Note 25. The Surplus on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting . The 'Adjustments Between Accounting Basis and Funding Basis under Regulations' line accounts for this difference and is detailed in Note 7. The Net Increase before Transfers to Earmarked Reserve line shows the increase on the General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked Reserves £'000	Total General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance At 31 March 2018 Restated	**(13,732)**	**(46,984)**	**(60,716)**	**(159)**	**(13,341)**	**(74,214)**	**(392,557)**	**(466,771)**
Movement in Reserves during 2018/19								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	27,015	-	**27,015**	-	-	**27,015**	**-**	**27,015**
Other Comprehensive Income	-	-	**-**	-	-	**-**	**(66,610)**	**(66,610)**
Total Comprehensive (Income)/Expenditure	**27,015**	**-**	**27,015**	**-**	**-**	**27,015**	**(66,610)**	**(39,595)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(9,657)	-	**(9,657)**	(1,733)	657	**(10,733)**	**10,733**	**-**
Net (Increase) Before Transfers To Earmarked Reserves	**17,358**	**-**	**17,358**	**(1,733)**	**657**	**16,282**	**(55,877)**	**(39,595)**
Other adjustments						**(2)**		**(2)**
Transfers To/(From) Earmarked Reserves (Note10)	(16,358)	16,358	**-**	-	-	**-**	**-**	**-**
(Increase)/Decrease In Year	**1,000**	**16,358**	**17,358**	**(1,733)**	**657**	**16,280**	**(55,877)**	**(39,597)**
			-					
Balance At 31 March 2019	**(12,732)**	**(30,626)**	**(43,358)**	**(1,892)**	**(12,684)**	**(57,934)**	**(448,434)**	**(506,368)**

Movement in Reserves Statement 2017/18

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. Additional detail on these reserves is given in Note 24 and Note 25. The Surplus on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting . The 'Adjustments Between Accounting Basis and Funding Basis under Regulations' line accounts for this difference and is detailed in Note 7. The Net Increase before Transfers to Earmarked Reserve line shows the increase on the General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked Reserves £'000	Total General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance At 31 March 2017 (Restated)	**(12,824)**	**(53,491)**	**(66,315)**	**1**	**(13,352)**	**(79,664)**	**(371,322)**	**(450,986)**
Movement in Reserves during 2017/18								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	40,109	-	**40,109**	-	-	**40,109**	**-**	**40,109**
Other Comprehensive Income	-	-	**-**	-	-	**-**	**(55,894)**	**(55,894)**
Total Comprehensive (Income)/Expenditure	**40,109**	**-**	**40,109**	**-**	**-**	**40,109**	**(55,894)**	**(15,785)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(34,510)	-	**(34,510)**	(160)	11	**(34,659)**	**34,659**	**-**
Net (Increase) Before Transfers To Earmarked Reserves	**5,599**	**-**	**5,599**	**(160)**	**11**	**5,450**	**(21,235)**	**(15,785)**
Transfers To/(From) Earmarked Reserves (Note10)	(6,507)	6,507	**-**	-	-	**-**	**-**	**-**
(Increase)/Decrease In Year	**(908)**	**6,507**	5,599	**(160)**	**11**	**5,450**	**(21,235)**	**(15,785)**
Balance At 31 March 2018 Restated	**(13,732)**	**(46,984)**	**(60,716)**	**(159)**	**(13,341)**	**(74,214)**	**(392,557)**	**(466,771)**

Balance Sheet

The Balance Sheet shows the value as at 31 March 2019 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve) 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".

31st March 2018 £'000 Restated		Notes	31st March 2019 £'000
687,138	Property, Plant and Equipment	14	774,895
39,366	Heritage Assets	15	26,641
55,892	Investment Properties	16	91,307
685	Intangible Assets	17	587
30,419	Long Term Investments	18	31,308
17,767	Long Term Receivables	20c	7,297
831,267	**Long Term Assets**		**932,036**
256	Short Term Investments	18	272
1,613	Inventories	19	2,526
68,717	Short Term Receivables	20	61,311
8,446	Cash and Cash Equivalents	21	5,256
79,032	**Current Assets**		**69,365**
(4,285)	Cash and Cash Equivalents Overdrawn	21	(4,814)
(2,661)	Short Term Borrowing	18	(3,292)
(47,742)	Short Term Payables	22	(39,805)
(3,442)	Provisions	23	(7,416)
(166)	Capital Grant Receipts in advance	13	-
(58,296)	**Current Liabilities**		**(55,327)**
(2,422)	Long Term Provisions	23	(2,227)
(170,072)	Long Term Borrowing	18	(202,061)
(33,847)	Other Long Term Liabilities	34	(31,629)
(168,665)	Pensions Liabilities	41	(194,484)
(10,226)	Capital Grants Receipts in Advance	13	(9,305)
(385,232)	**Long Term Liabilities**		**(439,706)**
466,771	**Net Assets**		**506,368**
(74,214)	Usable Reserves	24	(57,934)
(392,557)	Unusable Reserves	25	(448,434)
(466,771)	**Total Reserves**		**(506,368)**

I certify that the Balance Sheet represents a true and fair view of the Council's financial position as at 31st March 2019

Paul Thorogood

Date: October 2019

Cash Flow Statement

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Council during the Reporting Period. The Statement shows how the Council generates and uses Cash and Cash Equivalents by classifying cash flows as Operating, Investing and Financing Activities. Net Cash Flows from Operating Activities is a key indicator of the extent to which the operations of the Council are funded by way of Taxation and Grant Income or from the recipients of services provided by the Council. Investing activities represent the extent to which Cash Outflows have been made for resources that are intended to contribute to the Council's future service deliveries. Cash Flows arising from Financing activities are useful in predicting claims on future Cash Flows by providers of capital (lenders) to the Council.

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

2017/18 £'000		2018/19 £'000
(40,109)	Net Deficit on the Provision of Services	(27,015)
(39,536)	Adjustments to Net Deficit on the Provision of Services for Non-Cash Transactions (Note 26)	62,046
185,799	Adjustments to Net Deficit on the Provision of Services that are Investing and Financing Activities (Note 26)	(26,269)
106,154	**Net Cash Flows from Operating Activities**	**8,762**
(62,977)	Investing Activities (Note 27)	(42,883)
(56,291)	Financing Activities (Note 28)	30,402
(13,114)	**Net increase or (decrease) in Cash and Cash Equivalents**	**(3,719)**
17,275	Cash and Cash Equivalents at the beginning of the Reporting Period	4,161
4,161	**Cash and Cash Equivalents at the end of the Reporting Period (Note 21)**	**442**

NOTES TO THE ACCOUNTS

1 Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

1.2 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
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed-where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the 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 revenue and expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand, balances on the Council's current bank accounts and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.
Cash equivalents are the Council's deposits in bank instant access accounts. These are readily convertible to known amounts of cash with no risk of change in value.

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

1.4 Exceptional Items

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

1.5 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 the prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.6 Charges to Revenue for Non-Current Assets

Services, including support services, are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets 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 amortisations. However, it is required to make an annual contribution from revenue towards the reduction in 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 amortisations are therefore replaced by the Minimum Revenue Provision (MRP) charge against the General Fund Balance. This is shown as an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as 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 for services in the year in which employees render service to the authority

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 new financial 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 to the Accumulating Absences Adjustment Account. Therefore, holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accrual for outstanding leave is based on a sample of staff for non-schools staff and non-teaching staff in schools, and for teaching staff follows CIPFA guidance.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service segment or where applicable to a corporate service segment, when the Council is demonstrably committed to the termination of the employment of an officer or group of officers. 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 pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.

- The Local Government Pension Scheme, administered by the London Pensions Fund Authority on behalf of the London Borough of Bexley. The London Borough of Bexley is the administering authority for the Pension Fund.
- The National Health Service (NHS) Pension Scheme, administered by the Department of Health.

All schemes provide defined benefits to members earned as employees work for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Education Services line in the Comprehensive Income and Expenditure Account is charged with the employer's contributions payable to Teachers' Pensions in the year. The Community Safety, Environment and Leisure line in the Comprehensive Income and Expenditure Account is charged with the employer's contributions payable to the NHS scheme in the year.

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the London Borough of Bexley pension fund 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 of 2.5% (based on the redemption yields available on long-dated AA-rated corporate bonds, as required by the Local Authority Accounting Panel).
- The assets of the London Borough of Bexley pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price
    - Unquoted securities – professional estimate
    - Unitised securities – current bid price
    - Property – market value
- The change in the net pensions liability is analysed into the following components:
    - Service cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Net interest on the net defined benefit liability i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
- The return on plan assets excluding amounts included in net interest on the net defined benefit liability charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the London Borough of Bexley Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance 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 according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 such amounts payable but unpaid at the year end. The negative balance that arises 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 rather than as benefits 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 (including teachers) 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.

1.8 Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period – 31 March – and the date when the Statement of Accounts is authorised for issue. Two types of event 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 an event would have a material effect, disclosure is made in the notes 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.

1.9 Financial Instruments

Financial instruments arise when contracts create financial assets and liabilities, and these are recognised on the council's balance sheet. Typical financial assets include bank deposits, investments and loans by the council and amounts receivable, whilst financial liabilities include amounts borrowed by the council and amounts payable.

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 cash flow characteristics. There are three main classes of financial assets, measured at:

Amortised cost;
Fair value through other comprehensive income (FVOCI), and;
Fair value through profit or loss (FVPL).

Financial assets measured at amortised cost

Where the council's business model is to hold investments to collect contractual cash flows, the financial assets are classified as amortised cost.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 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 comprehensive income and expenditure statement is the amount receivable for the year in the loan agreement.

There is no recognition of gains or losses on fair value until reclassification or derecognition of the asset.

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 does not hold any asset measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at fair value through profit or loss (FVPL)

These are financial instruments not measured at FVOCI or Amortised costs.

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 in the surplus or deficit on the provision of services as they arise.

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.

Where the fair value charged to the comprehensive income and expenditure statement related to Pooled Investment funds, Statutory regulations allow the impact on the general fund balance to be deferred for up to a maximum of 5 years. The amounts deferred are transferred to a Pooled Investment Adjustment Reserve in the movement in reserves statement.

Following the adoption of accounting standard IFRS 9 from 1 April 2018, financial instrument assets previously held as available for sale have been classified as fair value through Profit or Loss and financial assets held as loans and receivables have been classified at amortised cost

Expected credit loss model

The adoption of IFRS 9 for the 2018-19 includes the requirement for disclosure of the expected credit loss impairment associated with financial instruments held at amortised costs or FVOCI

The council recognises expected credit losses on its financial assets held at amortised cost or FVOCI (subject to materiality) either on a 12-month or lifetime basis.

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 based on 12-month expected losses. Where credit rating matrices exist, they will be considered in measuring impairment losses

Impairment losses are charged to the Comprehensive income and expenditure statement under Financing and investment income and expenditure

Lifetime losses are recognised for trade receivables (debtors) held by the council.

Financial liabilities

Financial liabilities are initially recognised on the balance sheet at fair value and carried at their 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 interest rate 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.

The amount presented in the balance sheet is the outstanding principal repayable plus accrued interest. Interest charged to the comprehensive income and expenditure statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the comprehensive income and expenditure statement, regulations allow the impact on the general fund balance to be spread over future years. The council's policy is to spread the gain or loss over the term remaining on the loan, against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial Instrument adjustment account in the movement in reserves statement.

1.10 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 i.e. repaid.

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure. Where a revenue grant or contribution without conditions has not yet been used to fund expenditure, it is transferred to Earmarked Reserves - Revenue Grants Unapplied via the Movement in Reserves Statement until it is required.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council The scheme is funded by a BID levy paid by non-domestic ratepayers. The council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund several infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this council may be used to fund revenue expenditure

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised as it tends to be solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts would only be revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses 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.

1.12 Inventories and Long Term Contracts

Inventories are measured at the lower of cost and net realisable value or the lower of cost and net realisable value where they are held for distribution at no charge or for a nominal charge.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.13 Investment Properties

Investment properties are those that are used 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 at which the asset could be exchanged between knowledgeable parties in an arm's-length transaction. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are reviewed annually according to market conditions at the year-end. The Code requires the current value of Investment Properties to reflect market conditions at the balance sheet date. The bulk of the value (over 80%) of the Council's

Investment assets relates to three properties – Broadway Shopping Centre, Broadway Square and Webster (formerly Wyncham) House; these properties are the only Investment properties with values in excess of £1m. An annual revaluation review is undertaken on all investment properties with a value in excess of £1m and details are included in the Revaluation Certificate report. Investment properties with a value below £1m will still be subject to the 5 year revaluation process and would be subject to a review earlier if circumstances required.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance.

The gains and losses 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.

1.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. 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 Council 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 periods 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 a finance lease 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 and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. There are currently no material operating leases.

The Council as Lessor

Finance Leases
Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet under Property, Plant and Equipment. Rental income is credited to the Comprehensive Income and Expenditure Statement.

1.15 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.16 Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of 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.

Accounting Treatment of School Assets
Assets relating to community schools and voluntary controlled schools are recognised on the Council's balance sheet in accordance with IAS 16. The assets of voluntary aided schools, with the exception of playing fields, are not recognised on the Council's balance sheet; unless the school, as opposed to the Trust/Diocese, has a legal or substantive right to the assets.

Assets relating to Foundation and Academy schools are not recognised on the Council's balance sheet. Expenditure on the enhancement of the assets of voluntary aided schools (with the exception of playing fields), Foundation schools and Academy schools is treated as revenue expenditure funded from capital under statute see note 1.21. Schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status. The resultant gain or loss is recognised in the Financing and Investment Income and Expenditure line of the Consolidated Income and Expenditure Statement; and, in order to negate the impact on the General Fund Balance, are reversed out of the General Fund to the Capital Adjustment Account via the Movement in Reserves Statement.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, 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 as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase prices.
- 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 cost of assets acquired other than by purchase is deemed to be its 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost.
- 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).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Asset categories are reviewed simultaneously. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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 as follows:

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

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

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

Depreciation is calculated on the following bases:

- Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset.
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset 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 their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting
Under the IFRS Code, authorities are required to account for significant component elements of assets where the component has a different useful life and/or depreciation method to the remainder of the asset. The overall value of an asset is fairly apportioned over significant components that are accounted for separately and their useful lives and the method of depreciation are determined on a reasonable and consistent basis.

Under the IFRS Code the principles of componentisation are applicable to:

- enhancement expenditure incurred
- acquisition expenditure incurred
- revaluations carried out.

Component accounting is applicable to all Property, Plant and Equipment (PP&E) assets. However, componentisation is not applied where depreciating the item as a single asset is unlikely to result in a material miss-statement of either depreciation charges or the carrying amount (net amount after deducting accumulated depreciation) of PP&E.

In respect of equipment the bulk of the assets included in the asset register relate to IT equipment which tends to have a short life i.e. 3-5 years. There is little scope or benefit to be gained by attempting further componentisation of equipment assets. In addition, not componentising these assets is unlikely to lead to a miss-statement in the accounts. Therefore, equipment assets are not reviewed for further componentisation.

Componentisation applies to property assets which are currently already separated between land and buildings and further separated between the various buildings on a site. A de-minimis threshold of £1m has been set in respect of componentisation, therefore individual buildings with a value below £1m are not considered for componentisation. The impact of not componentising buildings with a value below £1m is unlikely to result in a material miss-statement of either depreciation charges or the carrying amount of PP&E.

Typical component elements have been identified from a sampling exercise as follows:

- Structures relate to 45% of total costs where a flat roof existed or 55% where a pitched roof existed.
- Where applicable, a flat roof equated to approximately 10% of the cost.
- Mechanical and electrical components relate to 25% of total costs.
- External works relate to 20% of total costs.

This approach is applied to the revaluation of property assets. In addition, these significant component elements have different lifespans as follows:

- Structures – including windows and pitched roofs - maximum 50 year life span.
- Flat Roof – maximum 20 years life span.
- Mechanical & Engineering – including electrics, heating systems, lifts etc. - maximum 15 year life span.
- External works - including drainage, external services, paths, car parks, boundary treatment and landscaping – maximum 30 years.

Temporary buildings continue to be allocated a maximum lifespan of 20 years and are not subject to any further componentisation as this is unlikely to have any material impact upon depreciation and carrying values.

A phased approach has been adopted from 1 April 2010 and all revaluations of properties in excess of £1m due as part of the 5 year revaluation cycle are be subject to the component accounting requirements. Valuations continue to be provided in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards (The Red Book). The valuation is then apportioned in accordance with the component elements mentioned above.

Capital expenditure is assessed and where expenditure on a component represents less than 10% of the asset's value it is not separately identified. Each year Bexley's revaluation process includes scheduled revaluations of approximately 20% of the Council's property assets based on the 5 year rolling programme. In addition property, that although not due for a revaluation as part of the rolling revaluation programme, is identified for revaluation where significant changes have occurred in year i.e. a new extension, new roof, etc..

The Code requires that where a component is replaced, the old component is de-recognised. The purpose of the Code's de-recognition requirement is to avoid double counting, in the majority of cases significant expenditure on an asset would lead to a revaluation which would ensure there is no double counting. In the event of capital enhancement expenditure on a property that is below the de-minimis threshold, and the expenditure does not warrant a revaluation, no de-recognition would be actioned as it is unlikely to be material and the property would be subject to revaluation within 5 years. For example, capital expenditure of £40,000 on a property with a total value of £480,000 would not be material and no de-recognition would take place as the asset would be revalued in due course. In terms of componentisation and component de-recognition materiality is always a key consideration.

Disposals and Non-Current Assets Held for Sale

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, 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 only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. 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 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 also 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 revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the 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 non-current assets 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.

1.17 Private Finance Initiative and Similar Contracts

Private Finance Initiative (PFI) and similar Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI/PPP contractor. As the Council is deemed to control the services that are provided under its PFI/PPP schemes, and as 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 PPP contracts on its Balance Sheet as part of Property, Plant and Equipment. The schools involved in the PFI contract have become academies and are therefore not included in the Council's Balance Sheet.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment plus, in the case of the Leisure PPP, recognition of a deferred income sum representing the proportion of the assets financed by income earned by the scheme. For the Leisure PPP, the liability was partly written down by initial capital contributions amounting to £20.625m.

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

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- lifecycle replacement costs – the amount spent by the contractor is posted to the Balance Sheet as additions to Property, Plant and Equipment.
- payment towards liability – applied to write down the Balance Sheet liability to the PFI operator.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising primarily due to inflation during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The deferred income sum is written down in equal instalments over the life of the PPP contract and credited to the Comprehensive Income and Expenditure Statement. The credit to the Comprehensive Income and Expenditure Statement is then reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Neither operator is a special purpose entity. They are not owned, controlled nor managed by the Council.

1.18 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.

1.19 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.

1.20 Reserves

The Council sets 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 to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.21 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, 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.

1.22 VAT

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.

1.23 Capitalisation of Borrowing Costs

The Council has decided not to capitalise borrowing costs.

1.24 Heritage Assets

The Council's Heritage Assets comprise of a museum collection, historical buildings and monuments, public artwork, civic regalia and a collection of local studies and archives material. The assets are held with the primary objective of increasing the knowledge, understanding and appreciation of the borough's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.
The Carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where the asset has suffered physical deterioration, breakage or where doubts arise as to its authenticity. Such impairment will be recognised and measured in accordance with the council's general policies on impairments.

1.25 Council Tax and Business Rates

The collection of Council Tax is in substance an agency arrangement, the cash collected by the Council from Council Tax payers belongs proportionately to the billing Authority and the Greater London Authority (GLA). There is therefore a debtor/creditor position between the billing Authority and the GLA as the net cash paid to them in the year is not the share of cash collected from Council Tax payers. The Code confirms that Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year.

The collection of Business Rates or National Non-Domestic Rates (NNDR) is carried out by authorities as an agent on behalf of central government and the GLA and is accounted for accordingly. The accounting is the same as that for Council Tax where there is a debtor/creditor position between the billing Authority and central government and the GLA as the net cash paid to them in the year is not the share of cash collected from Business Rate payers. The Code confirms that Business Rate income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund
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.

1.26 Prepayment to the Pension Fund

In 2017/18 the Council made payments in advance of £30.1m (in addition to £3.0m paid at the end of 2016/17) in respect of its contributions due to the Pension Fund for the three year cycle to 2019/20. This policy took advantage of the independent actuary's calculation of the return these contributions could achieve once invested as assets in the Pension Fund. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's treasury management strategy.

As part of the latest triennial actuarial valuation the actuary has calculated prepayment savings using a discount rate of 4.4% per annum over the three-year cycle to 2019/20. The difference in the amounts derived from this rate represents a saving to the General Fund after an allowance is made for the interest the amounts could have earned as treasury investments.

1.27 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 the 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.

The Council uses valuation techniques that are appropriate to 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 Council'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 Council 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

1.28 Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other parties that involve the use of the assets and resources of the joint parties rather than the establishment of a separate entity. The Council recognises on its Balance Sheet its share of the assets and liabilities controlled by the joint parties and recognises in its Comprehensive Income and Expenditure Statement its share of expenditure incurred and income generated from the activities of the Jointly Controlled Operations.

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2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

Amendments to IAS 40 investment property: transfers of investment property

Confirmation that a property can only be transferred to/from investment property when, and only when, there is evidence of a change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in

Annual Improvements to IFRS standards 2014-2016 cycle

Clarification that IFRS 12 disclosure of interests in other entities requirements apply to assets held for sale, discontinued operations, etc. Clarification that elections available to venture capital organisations under IAS 28 investments in associates and joint ventures to measure investments at fair value through profit or loss is available on an investment by investment basis.

IFRIC 22 foreign currency transactions and advance consideration

Guidance on recognition of assets/liabilities and use of exchange rates when an entity receives or pays consideration in advance in a foreign currency.

IFRIC 23 uncertainty over income tax treatments

Applicable considerations where there is uncertainty over the acceptable corporation tax treatment of an item, e.g. whether an item of income is taxable or not.

Amendments to IFRS 9 financial instruments

Prepayment features with negative compensation

Clarification that if a financial asset can be redeemed by the borrower in circumstances that would result in negative compensation (e.g. a discount on early repayment of a loan), this will not result in failure of the 'solely payments of principal and interest' test if it is reasonable additional compensation for cancellation of the contract.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council 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:
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- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Dedicated Schools Grant Reserve is now a negative reserve due to the significant reduction in funding for schools. The negative reserve will remain until guidance is given by central government on how to deal with this deficit.

- The non-current assets that are used in the contract arrangements with MCCH for learning disability services are included in the Balance Sheet under IFRIC 12.

- The Council has reviewed its treatment of schools' non-current assets in accordance with IAS 16 and subsequently schools that are Foundation Schools have been removed from the Council's Balance Sheet.

- Leases have been classified between operating and finance leases according to the guidance in the CIPFA Code of Practice. However, the fundamental issue in classification is the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee and therefore classification depends on the circumstances of each individual lease.

- Grant income is recognised in the Comprehensive Income and Expenditure Statement, but its accounting treatment is dependent on the conditions, and the interpretation of these, in respect of each grant funding stream.

- The accounting policies section above describes the actions that the Authority took in 2017/18 to make payments in advance to the Pension Fund in respect of employer's pension contributions for three years to 2019/20. In assessing the presentation of this in the current year's accounts, both the Authority and the Pension Fund have acknowledged that the Pension Fund could, if it proved necessary, repay any outstanding amounts paid in advance by the Authority back to it. It was considered that the payments in advance in respect of later years were not required to be charged to the General Fund in 2017/18.

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 Council 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 materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. However, the impact of an increase in depreciation is neutral on the General Fund balance as depreciation charged to service revenue accounts is reversed out in the Movement in Reserves Statement under regulation. The total carrying amount of Property, Plant and Equipment in the Balance Sheet as at 31 March 2019 was £774.9m
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £13.3m but a 0.1% increase in the inflation assumption would result in a pensions liability increase of £13.5m. The total carrying amount of the Pensions Liability in the Balance Sheet as at 31 March 2019 was £194.6m.
Arrears	At 31 March 2019, the Council had a balance of sundry debtors of £52.6m A review of balances has suggested that an impairment of doubtful debts of (£19.4m) was appropriate. This impairment review was based on historic trends on collection (generally 3-year averages).	If collection rates were to vary, a change of 5% in the impairment of doubtful debts would require a variation in the impairment allowance of £2.6m for example.

This list does not include assets and liabilities that are carried at current value based on a recently observed market price.

5 Material Items of Income and Expense

There are no material items to report

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 29th July 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have been adjusted for the following event which took place after 31 March 2019 as they provide information that is relevant to the understanding of the Council's financial position.

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination.

At this stage it is uncertain whether or not there will be an issue for the LGPS and its employers, nor is it clear what the exact extent would be of any required changes, but this note sets out some approximate effects of the costs if the transitional protections need to be extended to younger members

The Government Actuary's Department (GAD) has carried out some costings of the potential effect of McCloud on the LGPS as a whole, which are set out in their paper dated 10 June 2019

For the LGPS as a whole, GAD's calculations indicate a potential balance sheet effect of additional liabilities of about 3.2% of active member liabilities (perhaps around 1% of overall liabilities), and a potential increase in service cost of about 3% of pensionable pay, when measured on IAS19/FRS102 actuarial assumptions as at 31 March 2019 assuming real pay growth of 1.5% p.a. above CPI.

The IAS19/FRS102 liabilities used in the calculation is **£877,518,000**

Additional past service liabilities as at 31 March 2019 is **£7,086,000**
(based on 3.2% of active member liabilities)

Additional projected service cost for year 2019/20 is **£1,616,000**
(based on 3% of the active membership pensionable payroll)

The accounts for London Borough of Bexley have been adjusted to reflect the potential impact on the pension fund liabilities as at 31st March 2019 of **£7,086,000**

7a. Note to the Expenditure and Funding Analysis

2017/18 Adjustments for Capital Purposes £'000	2017/18 IAS 19 £'000	2017/18 Other Adjustments £'000	2017/18 Total Adjustments £'000		2018/19 Adjustments for Capital Purposes £'000	2018/19 IAS 19 £'000	2018/19 Elimination of internal recharges and reclasifications	2018/19 Other Adjustments £'000	2018/19 Total Adjustments £'000
1,098	2,016	-	**3,114**	Adults	931	1,185	(4,809)	-	**(2,693)**
9,778	2,293	-	**12,071**	Children & Education	14,860	1,969	(8,664)	(461)	**7,704**
13,006	2,154	-	**15,160**	Places, Community & Infrastructure	18,209	720	(5,681)	-	**13,247**
9	207	-	**216**	Finance & Corporate Services	13	9,631	16,219	58	**25,921**
17	278	-	**295**	Chief Executive	2,576	575	1,847	-	**4,998**
-	(4,592)	-	**(4,592)**	Corporate	-	-		-	**-**
23,908	**2,356**	**-**	**26,264**	**Net Cost of Services**	**36,589**	**14,080**	**(1,088)**	**(403)**	**49,178**
3,619	6,449	(1,822)	**8,246**	Other Income and Expenditure from the Funding Analysis	2,845	3,865	1,088	(47,320)	**(39,522)**
27,527	**8,805**	**(1,822)**	**34,510**	**Surplus or Deficit**	**39,434**	**17,945**	**(0)**	**(47,723)**	**9,656**

Adjustments for Capital Purposes

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

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

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

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure –- the net interest on the defined benefit liability is charged to the CIES.

Other differences-Statutory

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

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

• 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 Differences -Non Statutory

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

• For **Financing and investment income and expenditure** the other differences column recognises adjustments to the service segments eg interest income , Impairments allowances on debtors and changes in fair value of investment properties

• For **Taxation and non-specific grant income and expenditure** the other non statutory adjustments recognises adjustments to service segments eg for unringfenced government grants

Internal Recharges and Reclasification

The Code requires any recharges and internal income and expenditure between services to be eliminated on the Comprehensive income and expenditure statement, The Impairment allowance on debtors is reclassified from the services to the Financing Income and Expenditure line on the CIES

7b. Segmental Income

Income received on a segmental basis is analysed below:

	Income from Services 2017/18 £'000	Income from Services 2018/19 £'000
Services		
Adults	42,120	41,419
Children & Education	89,721	105,148
Places, Community & Infrastructure	35,461	34,454
Finance & Corporate Services	97,275	97,065
Chief Executive	384	6,489
Corporate	-	-
Total income analysed on a segmental basis	**264,961**	**284,575**

8. Expenditure and Income Analysed by nature

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

	2017/18 £'000	2018/19 £'000
Expenditure		
Employee benefits expenses	117,727	124,822
Other services expenses	303,958	338,368
Support service recharges	(7,356)	(5,782)
Depreciation, amortisation,	24,545	23,477
Revaluation	(367)	(818)
Interest payments and other financing charges	12,244	13,692
Precepts ,levies and concessions	7,389	8,741
(Gain)/Loss on the disposal of assets	27,908	(628)
Total Expenditure	**486,048**	**501,872**
Income		
Fees, charges and other service income	(56,419)	(61,385)
Interest and investment income	(2,195)	(9,283)
Income from council tax and non-domestic rates	(123,391)	(156,495)
Government grants and contributions	(263,932)	(247,694)
Total Income	**(445,937)**	**(474,857)**
Surplus or Deficit on the Provision of Services	**40,111**	**27,015**

A significant proportion of the Council's spend is on benefit payments which are funded predominantly from Government grants. The following amounts were incurred on benefits, excluding administration and forms part of the Finance and Corporate Services line in the Comprehensive Income and Expenditure Statement.

9. Adjustments Between Accounting Basis And Funding Basis Under Regulations

2018/19

	Usable Reserves				
	General Fund Balance £'000	Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation of Property, Plant and Equipment	(23,149)	-	-	-	**23,149**
Revaluation (losses)/gain on Property, Plant and Equipment	818	-	-	-	**(818)**
Movements in the market value of Investment Properties	6,678	-	-	-	**(6,678)**
Amortisation of Intangible Assets	(329)	-	-	-	**329**
Deferred income written down	339	-	-	-	**(339)**
Reversal of Capital Grants credited to CIES	23,623	-	-	(23,623)	**(0)**
Capital Grants and Contributions Applied				24,280	**(24,280)**
Revenue expenditure funded from capital under Statute	(13,929)	-	-	-	**13,929**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,019)	-	-	-	**2,019**
Write out of non current assets - notional loss on academy transfers	-	-	-	-	**-**
Aborted scheme costs	-	-	-	-	**-**
Items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Voluntary provision for the financing of capital investment	8,531	-	-	-	**(8,531)**
Capital expenditure charged against the General Fund	1,281	-	-	-	**(1,281)**
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the CIES	2,646	-	(2,646)	-	**-**
Amounts used to fund disposal costs of non current assets	-	-	-	-	**-**
Capital Receipts Reserve to finance capital expenditure	-		2,805	-	**(2,805)**
Contribution from the deffered capital receipts	-	-	-	-	**-**
Adjustment involving the Pooled Investment fund Adjustment Account					
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to fair value of investments	635				**(635)**
Adjustments involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds			(1,892)		**1,892**
Write down of finance lease long term debtors	(11)	-	-	-	**11**
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	36	-	-	-	**(36)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,827)	-	-	-	**28,827**
Employer's pensions contributions and direct payments to pensioners payable in the year	10,882	-	-	-	**(10,882)**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,735	-	-	-	**(2,735)**
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	403	-	-	-	**(403)**
Total Adjustments	(9,657)	-	(1,733)	657	10,733

9. Adjustments Between Accounting Basis And Funding Basis Under Regulations

2017/18

	Usable Reserves				
	General Fund Balance £'000	Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation of Property, Plant and Equipment	(23,905)	-	-	-	**23,905**
Revaluation (losses)/gain on Property, Plant and Equipment	367	-	-	-	**(367)**
Movements in the market value of Investment Properties	2,473	-	-	-	**(2,473)**
Amortisation of Intangible Assets	(373)	-	-	-	**373**
Deferred income written down	339	-	-	-	**(339)**
Capital grants and contributions applied	21,226	-	-	11	**(21,237)**
Revenue expenditure funded from capital under Statute	(7,856)	-	-	-	**7,856**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(98)	-	-	-	**98**
Write out of non current assets - notional loss on academy transfers	(28,115)	-	-	-	**28,115**
Aborted scheme costs	-	-	-	-	**-**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Voluntary provision for the financing of capital investment	6,689	-	-	-	**(6,689)**
Capital expenditure charged against the General Fund	1,431	-	-	-	**(1,431)**
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the CIES	305	-	(305)	-	**-**
Amounts used to fund disposal costs of non current assets	-	-	-	-	**-**
Capital Receipts Reserve to finance capital expenditure	-	-	145	-	**(145)**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	**-**
Adjustments involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds					**-**
Write down of finance lease long term debtors	(10)	-	-	-	**10**
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	251	-	-	-	**(251)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(19,996)	-	-	-	**19,996**
Employer's pensions contributions and direct payments to pensioners payable in the year	11,191	-	-	-	**(11,191)**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,625	-	-	-	**(1,625)**
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(54)	-	-	-	**54**
Total Adjustments	**(34,510)**	**-**	**(160)**	**11**	**34,659**

10. General Fund and Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Earmarked Reserve balances to provide financing for future expenditure plans and the movements to the Earmarked Reserves to meet General Fund expenditure in 2018/19.

	Balance at 31/03/2017 £'000	Movements 2017/18 £'000	Balance at 31/03/2018 £'000	Movements 2018/19 £'000	Balance at 31/03/2019 £'000
Other Earmarked Reserves					
Financial Planning Reserve	**(4,498)**	(3,228)	**(7,726)**	4,267	**(3,459)**
Financing Reserve	**(8,662)**	2,705	**(5,957)**	4,155	**(1,802)**
Information Technology Reserve	**(2,019)**	-	**(2,019)**	1,026	**(993)**
Insurance Reserve	**(4,505)**	203	**(4,302)**	19	**(4,283)**
Reorganisation Reserve	**(4,153)**	426	**(3,727)**	-	**(3,727)**
Transformation Reserve	**(8,997)**	610	**(8,387)**	2,923	**(5,464)**
Broadway Shopping Centre Reserve	**(502)**	-	**(502)**	234	**(268)**
Collection Reserve	**(1,043)**	1,043	**-**	-	
Stock Transfer Warranties Reserve	**(483)**	483	**-**	-	
Dedicated Schools Grant (Centre -DSG)	**(976)**	84	**(892)**	3,748	**2,856**
Individual Schools Budget (ISB)				-	**-**
Other Earmarked Reserves	**(5,541)**	857	**(4,684)**	(564)	**(5,248)**
Revenue Grants Unapplied Account	**(7,421)**	1,885	**(5,536)**	147	**(5,389)**
Schools' Balances	**(4,691)**	1,439	**(3,252)**	403	**(2,849)**
Total Earmarked Reserves	**(53,491)**	**6,507**	**(46,984)**	**16,358**	**(30,626)**
General Fund	**(12,824)**	(908)	**(13,732)**	1,000	**(12,732)**
Total General Fund Reserves	**(66,315)**	**5,599**	**(60,716)**	**17,358**	**(43,358)**

10. General Fund and Earmarked Reserves (contd.)

(i) Financial Planning Reserve

The purpose of this reserve is to provide a resource with which to deal with the uncertainties in the forward financial planning process arising from further reductions in Government grant.

(ii) Financing Reserve

The Financing Reserve exists to deal with unbudgeted variations in financing costs and to finance direct capital expenditure where appropriate.

(iii) Information Technology Reserve

This will provide for the upgrade and replacement of personal computers and laptops, infrastructure and software Council-wide in future years.

(iv) Insurance Reserve

The Council self-insures for many risks and the Insurance Reserve exists to deal with the infrequent but expensive claims that have to be anticipated under such an arrangement.

(v) Reorganisation Reserve

This reserve exists to meet possible redundancy costs in future years.

(vi) Transformation Reserve

The Transformation Reserve has been used to finance capital expenditure and to 'pump-prime' a number of projects including those associated with the Council's Value for Money programme. Repayments are made from the revenue budget as savings arise on the projects.

(vii) Broadway Shopping Centre Reserve

This reserve provides for a Council contribution towards the refurbishment of the Broadway Shopping Centre.

(viii) Dedicated Schools Grant

This reserve is ringfenced to funding schools budget , the balance is currently a negative balance .

(viii) Collection Reserve

This is to deal with collection issues across all income streams and unplanned reductions in rateable value such as due to successful appeals.

(ix) Stock Transfer Warranties Reserve

As part of the housing stock transfer in 1998, the Council gave certain warranties regarding planning consents, liability to works on properties and pollution hazards. In 2017/18 this reserve was assimilated into the General Fund as it was deemed unlikely to be required.

(x) Other Earmarked Reserves

The remaining Council controlled reserves total are largely earmarked against possible future costs such as liabilities for contaminated land, elections and systems development.

(xi) Revenue grants and contributions unapplied

Revenue grants and contributions where there are no conditions outstanding, but where there are balances still to be used to finance expenditure, are also included in earmarked reserves.

(xii) Schools Balances

These are the school balances and are maintained on the Council's books as per regulation but are under the direct control of the schools.

11. Other Operating Expenditure

The following table provides an analysis of the “Other Operating Expenditure” line in the Comprehensive Income and Expenditure Statement:

2017/18 £'000		2018/19 £'000
814	Levies	779
27,909	(Profit)/Losses on the disposal of non-current assets	(627)
28,723	**Total**	**152**

12. Financing And Investment Income And Expenditure

The following table provides an analysis of the “Financing and Investment Income and Expenditure” line in the Comprehensive Income and Expenditure Statement:

2017/18 £'000		2018/19 £'000
8,614	Interest payable and similar charges	9,827
3,630	Pensions interest cost and expected return on pensions assets	3,865
(2,092)	Interest receivable and similar income	(1,952)
	Financial Assets measured at fair value through Profit and loss	(635)
	Impairment losses on debtors	1,918
269	Income and expenditure in relation to investment properties and changes in their fair value	(6,678)
(2,742)	Other investment income and expenditure	-
7,679	**Total**	**6,345**

13a.Taxation And Non-Specific Grant Income

The following table provides an analysis of the “Taxation and Non-Specific Grant Income” line in the Comprehensive Income and Expenditure Statement:

2017/18 £'000		2018/19 £'000
(101,747)	Council tax income	(106,498)
(37,372)	Business Rates (Retained share)	(49,997)
(21,354)	General Government Grants	(9,776)
(21,225)	Capital grants and contributions	(23,623)
(181,698)	**Total**	**(189,894)**

13b.Taxation And Non-Specific Grant Income - Grants Credited to Taxation and Non Specific Grant Income

2017/18 £'000		2018/19 £'000
	General Government Grants:	
(13,751)	Revenue Support Grant	
(1,934)	Business Rates Relief Grant	(3,881)
(331)	Education Service Grant	
(3,909)	New Homes Bonus	(2,588)
(741)	Housing Benefit Administration	(700)
(688)	Other Grants	(2,607)
(21,354)	**Total**	**(9,776)**
	Capital Grants and Contributions:	
(2,828)	Education Basic Needs Grant	(3,799)
(322)	Devolved Formula Grant	(506)
-	School contributions	-
(2,041)	Condition Funding/Primary Modernisation	(1,711)
(95)	ESFA SEN Funding	(3,735)
(689)	Lesnes Abbey Lottery Grant	(65)
(4,960)	Transport for London	(2,278)
(4,225)	Peabody Funding	(4,554)
(887)	GLA Funding	(598)
(2,037)	Renovation Grants	(2,738)
-	Affordable Housing Contribution	(2,450)
(3,142)	Other	(1,187)
(21,225)	**Total**	**(23,623)**

The Council 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 the monies or property to be returned to the contributor. The balances at year-end were as follows:

13c.Taxation And Non-Specific Grant Income - Capital Grants: Receipts in advance

2017/18 £'000		2018/19 £'000
	Short Term	
(141)	Devolved Formula Grant	-
-	Empty Property Fund	-
-	Loans Scheme PSR	-
(25)	Other	-
(166)	**Total**	**-**
	Long Term	
-	Devolved Formula Grant	(1,540)
(8,538)	S106 Contributions	(6,531)
(1,688)	Other	(1,234)
(10,226)	**Total**	**(9,305)**

13d. Grants Credited to Net cost of Services

The following Government Grants were credited to Net Cost of Services;

2017/18 £'000	Grant	Service	Issued By	2018/19 £'000
(9,951)	Public Health Grant	Adults	PHE	(9,695)
(89,469)	Rent Allowance: subsidy	Finance and Corporate Services	DWP	(89,431)
(2,527)	Pupil Premium	Children and Education	DfE	(2,194)
(77,781)	Dedicated Schools Grant	Children and Education	DfE	(75,848)
(1,452)	Universal Infants Free School Meals	Children and Education	DfE	(1,131)
	Improved Better Care Fund	Adults	DH	(4,693)
	Flexible Homelessness Support Grant	Places Community and Infrastructure	MHCLG	(1,973)
(3,172)	Private Finance Initiative (PFI) Grant	Children and Education	MHCLG	(3,056)
(7,813)	Other Government Grants (value< £1m)	Various	Various	(3,708)
(192,165)	**Total Grants Credited to Net Cost of Services**			**(191,729)**

13e. Revenue From Contracts With Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service receipients
All income were reported on accruals basis

2017/18 £000s		2018/19 £000s
(49,472)	Revenue from contracts with service recipients	(67,973)

14. Property, Plant And Equipment

The value of non-current assets shown on the balance sheet represents the value of assets held by the Council.

Property, Plant and Equipment 2018/19

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Heritage Operational Assets	Total Property, Plant & Equipment	PFI Assets In Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2018	494,111	16,627	252,052	7,906	10,642	18,676		**800,012**	48,383
Additions and enhancement	11,963	1,728	6,844	484	131	6,740		**27,890**	227
Revaluation increases recognised in the Revaluation Reserve	36,343	-	-	(34)	11,588	-		**47,898**	2,459
Revaluation increases recognised in the Surplus on the Provision of Services	454	-	-	-	32	-		**486**	2,065
Derecognition - Disposals	(1,935)	(137)	-	-	-	-		**(2,072)**	-
Derecognition - other	-	(536)	-	-	-	(8)		**(544)**	(276)
Other reclassifications	6,368	-	4,702	904	(1,180)	(14,205)	8,890	**5,479**	-
At 31 March 2019	**547,304**	**17,681**	**263,598**	**9,260**	**21,213**	**11,202**	**8,890**	**879,148**	**52,857**
Accumulated Depreciation and Impairment	29,140	5,716	77,133	-	886	-	-	**112,875**	12,129
At 1 April 2018							-		
Depreciation Charge	14,335	2,275	6,301	-	237	-	-	**23,149**	2,391
Depreciation written out to the Revaluation Reserve	(29,559)	-	-	-	(698)	-	-	**(30,257)**	(13,081)
Depreciation written out to the Surplus on the Provision of Services	(275)	-	-	-	(57)	-	-	**(332)**	-
Disposals	-	(62)	-	-	-	-	-	**(62)**	-
Derecognition - other	-	(536)	-	-	-	-	-	**(536)**	(276)
Other reclassifications	(399)	-	-	-	(185)	-	-	**(584)**	-
At 31 March 2019	**13,244**	**7,393**	**83,434**	**-**	**182**	**-**	**-**	**104,253**	**1,163**
Net Book Value									
At 31 March 2019	**534,061**	**10,288**	**180,164**	**9,260**	**21,031**	**11,202**	**8,890**	**774,895**	**51,694**
At 31 March 2018	**464,971**	**10,910**	**174,919**	**7,906**	**9,756**	**18,676**	**-**	**687,138**	**36,254**

14. Property, Plant And Equipment

The value of non-current assets shown on the balance sheet represents the value of assets held by the Council.

Property, Plant and Equipment 2017/18

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets In Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2017	463,597	15,057	238,421	7,870	8,074	16,233	**749,252**	48,544
Additions and enhancement	55,644	2,612	10,574	36	87	10,424	**79,376**	432
Revaluation increases recognised in the Revaluation Reserve	3,962	-	-	-	735	-	**4,697**	-
Revaluation increases recognised in the Surplus on the Provision of Services	738	-	-	-	(824)	-	**(86)**	-
Impairments recognised in the Revaluation Reserve	(151)	-	-	-	-	-	**(151)**	-
Impairments recognised in the Surplus/Deficit on the Provision of Services	(130)	-	-	-	-	-	**(130)**	-
Derecognition - Disposals	-	(172)	-	-	-	-	**(172)**	-
Derecognition - other	(31,903)	(870)	-	-	-	-	**(32,773)**	-
Other reclassifications	2,354	-	3,057	-	2,570	(7,981)	**(0)**	(593)
At 31 March 2018	**494,111**	**16,627**	**252,052**	**7,906**	**10,642**	**18,676**	**800,012**	**48,383**
Accumulated Depreciation and Impairment								
At 1 April 2017	26,658	4,764	71,172	-	301	-	**102,895**	9,316
Depreciation Charge	15,921	1,897	5,961	-	126	-	**23,904**	3,406
Depreciation written out to the Revaluation Reserve	(8,609)	-	-	-	-	-	**(8,609)**	-
Depreciation written out to the Surplus on the Provision of Services	(52)	-	-	-	(493)	-	**(545)**	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(37)	-	-	-	-	-	**(37)**	-
Disposals	-	(74)	-	-	-	-	**(74)**	-
Derecognition - other	(3,788)	(870)	-	-	-	-	**(4,658)**	-
Other reclassifications	(953)	-	-	-	953	-	**(1)**	(593)
At 31 March 2018	**29,140**	**5,716**	**77,133**	**-**	**886**	**-**	**112,875**	**12,129**
Net Book Value								
At 31 March 2018	464,971	10,910	174,919	7,906	9,756	18,676	687,138	36,254
At 31 March 2017	436,939	10,293	167,249	7,870	7,773	16,233	646,357	39,228

14. Property, Plant And Equipment (contd.)

Schools
Following the implementation in the 2014/15 Code of IFRS 10, Consolidated Financial Statements, and its implications for schools accounts, the Council reviewed its treatment of school assets, in particular those of voluntary aided schools. The review established that control rested with the relevant Diocesan Boards and that the schools used the assets under licence or other similar arrangements that did not cede any interest in the assets to the schools. As a consequence, voluntary aided schools remain off Balance Sheet.

Depreciation
PPE Assets, other than land, community assets and assets under construction are depreciated over their useful economic lives. Assets are being depreciated using the straight line method over the following periods:-

Other Land & Buildings 5 - 50 years
Infrastructure 40 years
Motor Vehicles and Equipment up to 10 years

Equipment is depreciated on the basis of its ongoing value to the Council which can range from 1 to 10 years depending on the nature of the equipment.

Capital expenditure does not attract capital charges until the following year. From 1 April 2015 depreciation estimates are based on opening balances.

Capital Commitments:
Significant capital expenditure commitments due after the year end are listed below:

31 March 2018		31 March 2019
£'000		**£'000**
14,479	Schools Expansion	19,070
2,403	Street Services Fleet Replacement	755
216	Town Centres - Bexleyheath	-
3,035	Abbey Wood Station Public Realm Improvements	1850
2,354	Erith Regeneration	309
264	Temporary Accommodation Purchase	2,266
16,400	Investment /future developments	-
2,029	Harrow Manor Way Scheme	1,561
5,150	Affordable Housing	2,700
46,330	**TOTAL**	**28,511**

Revaluations
The Council carries out a rolling programme that ensures that all property assets are revalued at current value over a 5 year period. In addition to the planned revaluation rolling programme, properties subject to a significant change during the year are revalued. All valuations were carried out internally under the responsibility of Suzanne Jackson, BSc Estate Management, FRICS, Head of Regeneration and Assets. The valuations have been undertaken in accordance with the professional standards set out in the Appraisal and Valuation Standards Manual published by the Royal Institution of Chartered Surveyors. In estimating current value, regard has been given to the nature of the property by reference to its use, location, size, method of construction, age, all other relevant matters, and the prevailing market forces.

14. Property, Plant And Equipment (contd.)

During 2018/19, as part of the Council's rolling revaluations programme, all of the assets within the Other Land and Buildings' asset categories of leisure centres, park buildings, temporary accommodation and social care were revalued as well as any new properties acquired this year. In addition approximately 20% of Schools assets were also revalued and the remaining schools subject to an indices uplift. A review of the remaining Other Land and Buildings' asset categories of offices, libraries, community centres, adult learning centres, youth and children's centres, cemeteries, car parks and miscellaneous properties was also carried out by the Council's Principal Valuer. As a result of the review, uplifts to these categories were advised, where appropriate, to ensure that the carrying value of the Council's assets is not materially different from their current value as at 31 March 2019.

Surplus assets were all revalued in 2015/16 to fair value, highest and best use in accordance with IFRS 13 and has been reviewed each year since. This year all properties transferred to this category have been valued and the rest reviewed to ensure these assets were valued at current value as at 31st March 2019. Current value was based on the market approach current market conditions and recent sale prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to properties being categorised at Level 2 in the current value hierarchy.

The significant assumptions applied in estimating the current value are:

• Valuation bases for land and buildings are existing use value or where appropriate depreciated replacement cost.
• In relation to vehicles, plant and equipment the Council adopts a depreciated historical cost basis as a proxy for current value. The vast bulk of equipment assets are short life IT assets.

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The basis for the valuation is set out in the accounting policies.

PPE analysis showing those assets held at cost and those at valuation sub divided by last revaluation date as at 31/03/2019.

	OL&B	VP&E	Infra	CA	Surplus	AUC	Heritage Op	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at l	-	10,288	180,165	9,259	-	11,203	-	**210,915**
Values at Fair value as at								
31st March	228,934	-	-	-	19,800	-	-	**248,734**
31st March	46,527	-	-	-	3,125	-	-	**49,652**
31st March	90,245	-	-	-		-	8,890	**99,135**
31st March	17,944	-	-	-	766	-	-	**18,710**
								-
Total Cost or Valuation	**383,650**	**10,288**	**180,165**	**9,259**	**23,691**	**11,203**	**8,890**	**627,146**

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. 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.

Some values may be uplifted by using the building cost information service construction cost date before the next valuation cycle.

15. Heritage Assets

	Museum Collection	Hall Place House	Granary	Danson House	Danson House Exhibits	Bexleyheath & Crayford Clock Tower	Five Arches Bridge	Public Art	Civic Regalla	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	**404**	**25,130**	**37**	**7,985**	**242**	**269**	**4,460**	**486**	**262**	**39,275**
Additions	-	-	-	87	-	4	-	-	-	**91**
Disposals	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	**-**
At 31 March 2018	**404**	**25,130**	**37**	**8,072**	**242**	**273**	**4,460**	**486**	**262**	**39,366**
Balance as at 1 April 2018	**404**	**25,130**	**37**	**8,072**	**242**	**273**	**4,460**	**486**	**262**	**39,366**
Additions	-	262	-	10	-	-	-	-	-	**272**
Disposals	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(5,392)	4	808	-	27	446	-	-	**-** **4,107**
Reclassifications & Transfers	-	-	-	(8,890)	-	-	-	-	-	**-** **8,890**
At 31 March 2019	**404**	**20,000**	**41**	**-**	**242**	**300**	**4,906**	**486**	**262**	**26,641**

Five Year Summary of Transactions

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Cost of Acquisitions of Heritage Assets					
Museum Collection	-	-	-	-	-
Historic Buildings and Structures	-	-	-	91	262
Public Art Work	-	149		-	-
Civic Regalia	-	-	-	-	-
Total Cost of Acquisitions	**-**	**149**	**-**	**91**	**262**

Additional information regarding Heritage Assets is shown on the following page.

15. Heritage Assets (contd.)

Museum Collection

Approximately 21,000 items within the Council's vast museum collection have been valued for insurance purposes and reported in the Balance Sheet. The insurance valuation is updated annually.

Historic Buildings

The Council owns two Grade 1 listed historic buildings, Danson House and Hall Place. These buildings were specifically revalued in 2016/17 and are valued on a replacement cost basis. Due to their specialist nature, insurance values were recommended by the Council's insurers several years ago and periodically updated in consultation with the Council's insurers. They are referred to when these properties are specifically revalued.

Danson House is currently being used by the Registrar Service and so has been re-classified this year as an Operational Heritage Asset and its value included within Operational Property, Plant and Equipment, (note 14).

Historic Structures and Monuments

The Council owns two Grade II listed clocktowers in Bexleyheath and Crayford. These buildings were specifically revalued in 2016/17 and are valued on a replacement cost basis. Insurance values are referred to when these assets are specifically valued.

Five Arches Bridge is also owned by the Council, this structure is all that remains of the Foots Cray Estate and has historical significance. It was specifically revalued in 2016/17 and is valued on a replacement cost basis, the amount having been derived with the assistance of the Council's engineers.

To ensure values are current between specific valuations, an annual review of all the heritage assets is undertaken by the Council's internal valuers and in 2018/19 a 10% increase in the values held was recommended, based upon the general increase in building costs across a range of properties as evidenced by the Building Cost Information Service (BCIS).

War Memorials

There are eleven war memorials located across the borough. In addition, a memorial dedicated to the victims of an explosion at a local munitions factory in January 1924 is located at Erith Cemetery. The memorials are located in public spaces and are therefore accessible all year round.

The asset management of highways and parks structures which includes Crayford and Bexleyheath Clock Towers, Five Arches Bridge, Lesnes Abbey Ruins and the Council's War Memorials, is the responsibility of the Deputy Director of Communities, Leisure, Libraries and Parks. All capitalised building maintenance budgets are the responsibility of the Deputy Director Services and Programmes, in the Regeneration, Communities and Customer Services Directorate. Priority criteria for works are reviewed and set each year to develop a programme of work targeting those assets most in need. The proposed work schedule is reported to the Cabinet Member for Finance and Corporate Services for approval.

Civic Regalia

The Civic Regalia Collection has been valued for insurance purposes and reported in the Balance Sheet.

The Head of Electoral and Members' Services is responsible for the upkeep of the Council's Civic regalia. Repairs are undertaken on an adhoc basis as and when necessary and expenditure incurred would be charged to the Comprehensive Income and Expenditure Statement. The Council's Civic Regalia is on display at the Civic Offices, 2 Watling Street, Bexleyheath, Kent, DA6 7AT.

Local Studies and Archive Centre

The Council's local studies and archives collection forms a diverse mix of historical and cultural documents and includes newspapers from 1873 to the present; unique photographs, postcards and illustrations; books and journals on all aspects of Bexley, Kent and London; pamphlets; posters; local maps and plans from around the 18th Century to present; street and trade directories and south east London telephone directories from 1940 onwards.

16. Investment Properties

Investment properties are those assets held by the Council solely for rental income and/or capital appreciation purposes.
The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure

2017/18 £'000		2018/19 £'000
(2,040)	Rental income due from investment property	(2,920)
30	Direct Operating expenses arising from investment property	74
(2,010)		(2,846)

2017/18 £000		2018/19 £000
42,132	**Balance at 1 April**	55,892
11,283	Additions and Enhancement Expenditure	25,072
3	Subsequent Expenditure	838
2,474	Net gains from fair value adjustments	6,678
	Transfers from Property Plant and Equipment	2,827
55,892	**Balance at 31 March**	**91,307**

Valuations are carried out annually by the Council's internal valuers and are valued to Fair Values as defined by IFRS 13.

Where an asset is valued to Fair Value, IFRS 13 requires the valuer to make additional disclosures regarding the valuation technique applied to measure the fair value and the nature of the inputs to that valuation technique, having regard to the fair value hierarchy prescribed within IFRS13.

It is confirmed that the valuation technique applied in respect of all fair value figures is the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

17. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.329m charged to revenue in 2018/19 (£0.373m in 2017/18) was charged directly to the Net Cost of Services. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years unless it is anticipated to be otherwise.

2017/18 £'000	**Balance at start of year**	2018/19 £'000
2,505	Gross Carrying Amounts	2,567
(1,509)	Accumulated Amortisation	(1,882)
996	**Net carrying amount at start of year**	**685**
	Additions	
62	Purchases	231
(373)	Amortisation	(329)
685	**Net carrying amount at end of year**	**587**
	Comprising	
2,567	Gross Carrying Amounts	2,798
(1,882)	Accumulated amortisation	(2,211)
685		**587**

18. Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments"

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. These are reported at amortised costs.
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These are reported at fair value through profit and loss.
- **Level 3** – unobservable inputs for the asset or liability.

18a. Financial Instruments - Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

31 March 2018				Category of Financial Instruments	31 March 2019		
Long Term	**Current Published**	**Current Restated***	**Total**	**Financial Assets**	**Long Term**	**Current**	**Total**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
3,000	256	256	3,256	Loans and receivables – Level 2	3,000	253	3,253
4,746	-	-	4,746	Available-for-sale financial assets – Level 1	-	-	-
22,673	-	-	22,673	Current value through profit and loss – Level 1	28,308	19	28,327
30,419	**256**	**256**	**30,675**	**Total Investments**	**31,308**	**272**	**31,580**
17,767	65,462	19,441	37,208	Receivables - Level 3	7,297	12,407	19,704
-	8,446	8,446	8,446	Cash and Cash Equivalents - Level 1	-	5,256	5,256
48,186	**74,164**	**28,143**	**76,329**	**Total Financial Assets**	**38,605**	**17,935**	**56,540**

Long Term	Current Published	Current Restated	Total	Financial Liabilities	Long Term	Current	Total
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
170,072	2,660	2,660	172,732	Financial liabilities at amortised cost – Level 1	202,061	3,292	205,353
28,430	2,140	2,140	30,570	PFI and Finance Lease Liabilities - Level 2	31,629	2,435	34,064
	38,129	21,880	21,880	Payables - Level 1		21,804	21,804
-	9,085	9,085	9,085	Cash and Cash Equivalents - Level 1	-	4,814	4,814
198,502	**52,014**	**35,765**	**234,267**	**Total Financial Liabilities**	**233,690**	**32,345**	**266,035**

*Restated to include qualifying assets only

18b. Financial Assets and Liabilites that are carried at Amortised costs for which fair value disclosures are required :

Fair Value of Assets and Liabilities carried at Amortised Cost

31 March 2018 Carrying Amount	31 March 2018 Fair Value		31 March 2019 Carrying Amount	31 March 2019 Fair Value
£'000	**£'000**		**£'000**	**£'000**
172,732	**219,177**	Financial Liabilities*	**205,353**	**313,130**
26,377	**43,601**	PFI and PPP	**24,858**	**41,137**

For other financial liabilities carried at amortised cost, carrying value are deemed to equate to their fair value *The fair value of £313.1m is measured at the pre-mature repayment rate

31 March 2018 Carrying Amount	31 March 2018 Fair Value	Financial Assets	31 March 2019 Carrying Amount	31 March 2019 Fair Value
£'000	**£'000**		**£'000**	**£'000**
3,256	**3,394**	Loans and Receivables	**3,000**	**3,355**
4,100	**4,101**	Cash & Cash Equivalent	**500**	**501**

For other Financial Assets carried at amortised cost, the current value is deemed to equate to their fair value

18. Financial Instruments (cont.)

18c. Reclassification and remeasurement of financial assets at 1 April 2018

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

£000s				New Classifications at 1 April 2018			
	Carrying amount brought forward at 1 April Long term	Carrying amount brought forward at 1 April Short term	Total Amount to reclassify	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss	Total Reclassified
Previous classifications							
Loans	3,000	256	3,256	3,256			3,256
Receivables	17,767	19,441	37,208	37,208			37,208
Available for Sale	4,746		4,746	4,746			4,746
Cash and Cash Equivalents		8,446	8,446	8,446			8,446
Fair value through profit and loss	22,673		22,673			22,673	22,673
Reclassified amounts at 1 April 2018	**48,186**	**28,143**	**76,329**	**53,656**	**-**	**22,673**	76,329
Remeasured carrying amounts at 1 April 2018				**53,656**	**-**	**22,673**	76,329

18d. Categories of financial assets and liabilities

Financial Assets

	Non-Current				Current				
	Investments		Debtors		Investments		Debtors		Total
£'000	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
Fair value through profit and loss	27,419	28,308							28,308
Amortised Cost	3,000	3,114	17,767	7,297	256	272	19,441	12,407	23,090
Total financial assets	30,419	31,422	17,767	7,297	256	272	19,441	12,407	51,398
Non-financial assets									
Total	**30,419**	**31,422**	**17,767**	**7,297**	**256**	**272**	**19,441**	**12,407**	**51,398**

Financial Liabilities

	Non-current				Current				
	Borrowings		Creditors		Borrowings		Creditors		Total
£'000	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
Fair value through profit and loss									-
Amortised Cost	170,072	202,061	28,430	31,629	2,660	3,292	33,105	29,053	266,035
Total financial liabilities	**170,072**	**202,061**	**28,430**	**31,629**	**2,660**	**3,292**	**33,105**	**29,053**	**266,035**
Non-financial liabilities									
Total	**170,072**	**202,061**	**28,430**	**31,629**	**2,660**	**3,292**	**33,105**	**29,053**	**266,035**

This note shows the adjustments made to impairment loss allowances as a result of the reclassification of financial assets and the change from an incurred losses model to an expected losses model for calculations.

18e. Comprehensive Income and Expenditure Statement disclosures

The gains and losses recognised in the Comprehensiv income and Expenditure statement in relation to financial instruments are made up of as

	2018/19 Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:	
· financial assets measured at fair value through profit or loss	(635)
· financial assets measured at amortised cost	-
· investments in equity instruments designated at fair value through other comprehensive income	-
· financial assets measured at fair value through other comprehensive income	-
· financial liabilities measured at fair value through profit or loss	-
· financial liabilities measured at amortised cost	-
Total net gains/losses	**(635)**
Interest revenue:	
· financial assets measured at amortised cost	(160)
· other financial assets measured at fair value through other comprehensive income	(568)
Total interest revenue	**(728)**
Impairment losses based on 12 month loss model	**750**

19. Inventories

2017/18 Stocks £'000	2017/18 Work in Progress £'000	2017/18 Total £'000		2018/19 Stocks £'000	2018/19 Work in Progress £'000	2018/19 Total £'000
193	**1,018**	**1,211**	**Balance b/f**	**140**	**1,473**	**1,613**
(53)	455	**402**	Movements in year	146	767	**913**
140	**1,473**	**1,613**	**Balance c/f**	**286**	**2,240**	**2,526**

	Stores £'000	Equipment Work in Progress £'000	Adult Care Equipment £'000	Total £'000
Balance b/f April 2018	140	1,473	-	1,613
Transfers	-	(1,473)	1,473	-
Purchases	146	-	475	621
Recognised as expense in year	-	-	(193)	(193)
Write off**	-	-	(834)	(834)
Write backs **	-	-	1319	1,319
Balance c/f March 2019	286	-	2,240	2,526

**The Write backs relate to Equipments loaned to clients classified as "non-review" equipment , these had previously been stated on balance sheet at NIL value , .A system has now been put in place to enable the council to accurately estimate the values of this category of inventories ,the impact of brought forward stock balances is increasesof £1.319m less impairment of 111k (included in write off).

20. Receivables

2017/18 Net £'000	Short Term Receivables	2018/19 Gross £'000
42,039	Total Receivables	33,202
17,699	Prepayments	17,678
8,979	Other Receivable amounts	10,431
		-
68,717		**61,311**

The Total Receivaivables category above is shown net of impairment loss provision of £19.4m (2017/18 £16.5m)

20b. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age

2017/18 £'000		2018/19 £'000
2,068	Less than one year	4,382
4,520	One to two years	4,896
1,564	Two to three years	1,512
10,395	More than three years	11,125
18,547		21,914

20c. Long Term Receivables

2017/18 £'000	Long Term Receivables	2018/19 £'000
2,898	Finance leases	2,498
285	Thames Innovation Centre	457
152	Cleeve Park Loan	91
9,820	Employer Contribution Prepayment	-
4,082	Deferred Capital Receipts	3,499
	BexleyCo	300
	Other	
530	Mortgages	452
17,767		**7,297**

21. Cash And Cash Equivalents

Cash comprises cash in hand and on-demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the Council's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet dates:

2017/18 £'000		2018/19 £'000
-	Cash at Bank	517
4,323	Cash at Bank Schools	4,239
4,123	Cash Equivalents	500
8,446	**Cash and Cash Equivalents**	**5,256**
(4,285)	Cash and Cash Equivalents overdrawn	(4,814)
4,161	**Total Cash and Cash Equivalents**	**442**

22. Payables

The following table provides an analysis of amounts owed by the Council as at 31 March.

2017/18 £'000		2018/19 £'000
	Short Term Payables	
(8,251)	Trade Payables	(19,731)
(39,491)	Other Payables	(20,074)
(47,742)	**Total**	**(39,805)**

23. Provisions

Provisions are amounts set aside to meet future material liabilities of uncertain timing or amount

2018/19	Social Serv £'000	Insurance £'000	Business Rates Appeals £'000	Others £'000	Total £'000
Balance at 1 April 2018	(1,022)	(2,422)	(2,370)	(50)	**(5,864)**
Additional provisions made in 2018/19		-	(2,686)	(1,550)	**(4,236)**
Amounts used / written out in 2018/19	262	195	-		**457**
Balance at 31 March 2019	**(760)**	**(2,227)**	**(5,056)**	**(1,600)**	**(9,643)**
Short term provision	(760)	-	(5,056)	(1,600)	**(7,416)**
Long term provision		(2,227)	-	**-**	**(2,227)**
Balance at 31 March 2019	**(760)**	**(2,227)**	**(5,056)**	**(1,600)**	**(9,643)**

Insurance Provision

The Council operates an Insurance Provision. This is funded from contributions from revenue accounts and is used to pay the external insurance premium. The balance is maintained on the Insurance Provision and is used to pay claims which fall below the excess. All excess payments under a particular category each year are totalled and if they exceed a ‘stop loss’, then all further claims are met in full by external insurance. There are four main areas of risk as follows -

Risk	**Excess**	**Stop Loss**
Fire - Education Properties	£250,000	£1,000,000
- Other Properties	£100,000	£400,000
Liability	£125,000	£1,600,000
Motor	£25,000	£300,000
Catastrophic Storm	£1,000,000	

At the end of each year, an estimate of the outstanding claims is made and the balance on the Insurance Provision is set at that level. Any excess or additional contribution required is transferred to or from the Insurance Reserve.

Social Services

There are usually a number of unbilled adult care charges relating to prior years .At the end of each year an estimate is made of outstanding adult placement unresolved charges from prior years and a provision is made in the accounts to meet such liabilities .

Business Rates Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Bexley, as a billing Council, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. This will include amounts relating to non-domestic rates charged to businesses in 2018/19 and earlier financial years. Assets and liabilities relating to business rates are shared between the Government, Bexley and the Greater London Council. The provision shown above is the Council’s share of the total amount.

Other

This heading includes movements on provisions for early retirement/redundancy:charges for holiday pay and provision for possible clawback of housing benefit claims made in prior years

24. Usable Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. Reserves are reviewed as part of the budget process together with the Council's agreed reserves policy in accordance with s.23 of the Local Government Act 2003.

Movements in the Council's Usable reserves are detailed in the Movement in Reserves Statement. Unusable reserves are further detailed in Note 25. Earmarked reserves are detailed in Note 10.

2017/18			2018/19
£'000		note	£'000
(13,732)	General Fund	10	(12,732)
(46,982)	Earmarked Reserves	10	(30,626)
(159)	Capital Receipts Reserve		(1,892)
(13,341)	Capital Grants Unapplied		(12,684)
(74,214)	**Total Usable Reserves**		**(57,934)**

24a. Usable Capital Receipts Reserve

The capital receipts are income from the sale of long-term assets and repayments of capital advances. Legislation requires that a proportion of these receipts are paid to Central Government. The remaining amounts can then be used to finance capital expenditure.

2017/18		
£'000		
1	**Balance as at 1 April**	**(159)**
	Sale of Assets:	
	Transfer from Deffered capital receipts	**(1,892)**
(305)	Sale of other Land and Buildings	(2,646)
(305)	**Total Receipts**	**(4,538)**
	Use of Receipts:	
-	Payments to Housing Capital Pool	-
-	Disposal Costs financed from receipts	-
145	Capital Receipts used for financing	2,805
145		**2,805**
(159)	**Balance as at 31 March**	**(1,892)**

24b. Capital Grants Unapplied

The Capital Grants Unapplied Account Reserve holds the grants and contributions received that have not yet been utilised on the capital projects to which it relates. The grant is not assumed to have any conditions attached that would trigger its repayment to the original provider.

2017/18		2018/19
£'000		£'000
(13,352)	**Balance as at 1 April**	(13,341)
(21,226)	Add Grants Received	(23,623)
21,237	Less Grants Applied	24,280
11	Movement on Grants Unapplied	657
(13,341)	**Balance as at 31 March**	**(12,684)**

25. Unusable Reserves

31 March 2018 Restated £'000			31 March 2019 £'000
(291,792)	Revaluation Reserve	25a	(359,627)
(259,201)	Capital Adjustment Account	25g	(270,719)
1,518	Financial Instruments Adjustment Account	25c	1,299
(8,198)	Deferred Capital Receipts Reserve	25f	(6,295)
168,665	Pensions Reserve	25d	194,484
(5,958)	Collection Fund Adjustment Account	25e	(8,693)
	Pooled Investment Fund Adjustment Account		(635)
254	Available for Sale		
2,154	Accumulated Absences Account	25b	1,751
(392,557)	**Total Unusable Reserves**		**(448,434)**

25a. Revaluation Reserve

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

1. Are revalued downwards or impaired and the gains are lost; or
2. Used in the provision of services and the gains are consumed through depreciation; or
3. Disposed of and the gains are realised.

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

2017/18 £'000		2018/19 £'000
(275,048)	**Balance at 1 April (restated)**	**(291,792)**
(34,081)	Upward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(74,047)
6,975	Difference between fair value depreciation and historical cost depreciation	6,212
10,362	Accumulated gains on assets sold or scrapped	-
(291,792)	**Balance at 31 March**	**(359,627)**

25b. 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 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2017/18 £'000		2018/19 £'000
2,100	**Balance at 1 April**	**2,154**
(2,100)	Settlement or cancellation of accrual made at the end of the preceding year	(2,154)
2,154	Amounts accrued at the end of the current year	1,751
2,154	**Balance at 31 March**	**1,751**

25. Unusable Reserves (cont.1)

25c. Financial Instruments Adjustments Account

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses of benefitting from gains per statutory provisions.

Premiums and Discounts

The code requires that, unless directly attributable to a loan held at 31st March 2007, then all premiums and discounts carried on the balance sheet be written off to the General Fund balance at 1st April 2007. * Statutory regulations allow for the impact on council tax to be mitigated through a transfer to the Financial Instruments Adjustment Account. The balance of premiums and discounts is amortised to revenue in line with the provisions set down in the Council's accounting policies.

*The Code requires that premiums and discounts arising from debt restructuring on or after 1st April 2007 shall be charged to the General Fund. Exceptions are permitted where they meet the modification criteria prescribed in the CIPFA Accounting Code of Practice. In these instances, they are valued at the carrying value of the new loan and amortised over the remaining period via the effective interest rate.

Soft Loans

The Code also requires that where the Council has provided loans at less that market rates then these should be accounted for on a fair value basis. The difference between the fair value and loan amount is accounted for as an immediate charge to the Comprehensive Income and Expenditure Statement and the impact to be instigated through a transfer to the FIAA via the Movement in Reserves Statement. The fair value increases over the period of the loan and the annual impact is neutralised by writing down the balance to the General Fund balance via transfer from the FIAA via the MIRS.

Stepped Interest Loans

Under the Code, where the Council has taken out loans with a stepped interest structure, the interest charge to the Comprehensive Income and Expenditure Statement is at the effective interest rate over the period of the loan. However, for stepped loans taken out before 9th November 2007, regulations permit authorities to charge interest to the General Fund balance at either:

a) The effective interest rate; or
b) The interest rate due for the financial year under the loan agreement.

Where the latter option is applied the difference between the interest chargeable at the effective interest rate is transferred from the General Fund balance to the Financial Instruments Adjustments Account via the Movement in Reserves Statement and released back to the General Fund balance for the remaining period of the loan.

The transactions reflected in the FIAA are as follows:

2017/18			2018/19	
£'000	£'000		£'000	£'000
	1,554	**Balance at 1 April**		**1,518**
(36)		Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(36)	
		Write out change in impairment value of invesment		(183)
				-
	(36)	**Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements**		**(36)**
	1,518	**Balance at 31 March**		**1,299**

25. Unusable Reserves (cont.2)

25d. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18 £'000		2018/19 £'000
181,675	**Balance at 1 April**	**168,665**
(21,815)	Actuarial (gains)/losses on pensions assets & liabilities	7,874
19,996	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	28,827
(11,191)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,882)
168,665	**Balance at 31 March**	**194,484**

25e. Collection Fund Adjustment Account

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

2017/18 £'000		2018/19 £'000
(4,333)	**Balance at 1 April**	**(5,958)**
(1,625)	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(2,735)
(5,958)	**Balance at 31 March**	**(8,693)**

25f. Deferred Capital Receipt 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 Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2017/18 £'000		2018/19 £'000
(8,208)	**Balance at 1 April**	**(8,198)**
-	Transfer of Deferred sale proceeds	
-	Transfer to the Capital Receipt Reserve	1,892
10	Write down of finance Lease Long Term Debtor	11
(8,198)	**Balance at 31 March**	**(6,295)**

25. Unusable Reserves (contd.3)

25g. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting 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 amortisation 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 Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2017/18 £'000			2018/19 £'000
	(269,532)	**Balance at 1 April**		**(259,201)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
23,905		Charges for depreciation of non-current assets	23,149	
(367)		Revaluation gains on Property, Plant and Equipment	(818)	
373		Amortisation of intangible assets	329	
(339)		Deferred income written down	(339)	
7,856		Revenue expenditure funded from capital under statute	13,929	
28,214		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,019	
	59,642			**38,269**
	(17,337)	Adjusting amounts written out of the Revaluation Reserve		(6,212)
	42,305	**Net written out amount of the cost of non-current assets consumed in the year**		**32,057**
		Capital financing applied in the year:		
(143)		Use of the Capital Receipts Reserve to finance new capital expenditure	(2,805)	
(2,353)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(8,182)	
(18,884)		Application of grants to capital financing from the Capital Grants Unapplied Account	(16,098)	
(6,689)		Provision for the financing of capital investment charged against the General Fund balance	(8,531)	
(1,431)		Capital expenditure charged against the General Fund balance	(1,281)	
	(29,500)			**(36,897)**
	(2,473)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(6,678)
	(259,201)	**Balance at 31 March**		**(270,719)**

26. Cash Flow Statement – Adjustments for Non-Cash Transactions

2017/18 £'000	Description	2018/19 £'000
	Net deficit on the provision of services	
23,905	Depreciation	23,149
(367)	Increase in Revaluation charged to the Comprehensive Income and Expenditure Statement	(818)
373	Amortisation	329
(183)	Movement in Impairment Allowance	-
(22,435)	Movement in Receivables	17,876
6,266	Movement in Payables	(7,937)
402	Movement in Inventories	(913)
8,805	Pension Liability	17,945
28,213	Carrying Amount of Non-Current Assets sold	2,019
(383)	Movement in Provisions	3,779
(2,473)	Movement in the value of Investment Properties	(6,678)
(251)	Financial Instruments Adjustments	(635)
(2,336)	Other Non-Cash Adjustments	13,930
39,536	**Total Adjustments for Non-Cash Transactions**	**62,046**
(185,799)	Investing and Financing Activities Adjustments to Net Surplus on the Provision of Services	(26,269)
(106,154)	**Net Cash Flows from Operating Activities**	**35,777**

27. Cash Flow Statement - Investing Activities

2017/18 £'000	Description	2018/19 £'000
77,746	Purchase of Property, Plant and Equipment and Intangible Assets	(68,232)
(14,464)	Purchase of Short-Term Investments and Long-Term Investments	167
-	Capital Grants and contributions received	22,536
(305)	Other Payments for Investing Activities	2,646
62,977	Proceeds from the sale of Property, Plant and Equipment and Non-Current Assets	**(42,883)**
	Net Cash Flows from Investing Activities	

28. Cash Flow Statement - Financing Activities

2017/18 £'000		2018/19 £'000
54,608	Net cash received of Short-Term Borrowings and Long-Term Borrowings	32,620
1,683	Cash Payments to reduce Finance Lease and PFI Liabilities	(2,436)
-	Other payments for financing activities	218
56,291	**Net Cash Flows from Financing Activities**	**30,402**

29. Pooled Budgets

Introduced in April 2015, the Better Care Fund is the largest financial incentive to date for the integration of Health and Social Care. It requires Clinical Commissioning Groups (CCG's) and Local Authorities in each area to pool budgets and agree integrated spending plans determining how their Better Care Fund allocations will be most efficiently resourced.

This agreement has been formed in accordance with the provisions within Section 75 of the National Health Service Act 2006. Any surplus or deficit generated from this arrangement will be the responsibility of the respective partner to whom it is attributable to.

These agreements were with Bexley Clinical Commissioning Group (CCG). The agreements allow the Council and Bexley CCG to pool their budgets to provide services for certain client groups. Bexley CCG hosts the pooled budget for mental health services and the Council hosts those for learning disability services and community equipment stores.

The following table analyses the funding provided and the expenditure met from Better Care Fund:

2017/18				2018/19		
Mental Health £'000	**Learning Disability £'000**	**Community Equipment £'000**		**Mental Health £'000**	**Learning Disability £'000**	**Community Equipment £'000**
			Income			
2,661	19,618	593	London Borough of Bexley contribution	2,768	20,100	610
8,430	867	950	Bexley CCG contribution	8,951	867	975
-	2,096	-	Other income		2,552	
11,091	**22,581**	**1,543**	**Gross Income**	**11,719**	**23,519**	**1,585**
			Expenditure			
-	16,794	-	Residential and Supported Living Services		18,250	
-	1,829	-	Day Care Services		1,904	
11,678	-	-	Acute Services	11,503	-	
-	2,069	1,695	Community Services		2,032	1,585
-	2,037	-	Other Expenditure		1,333	
11,678	22,729	1,695	**Gross Expenditure**	11,503	23,519	1,585
(587)	**(148)**	**(152)**	**Surplus (+) / deficit (-) for the year**	**216**	**-**	**-**
-	148	394	Surplus (+) / deficit (-) brought forward	(587)	-	242
(587)	**-**	**242**	**Surplus (+) / deficit (-) carried forward**	**(371)**	**-**	**242**

30. Members' Allowances

The total of members’ allowances paid in 2018/19 (excluding National Insurance Contributions) was £662k compared to £815k in 2017/18.

Following a boundary review in 2018-19 the number of members reduced from 63 to 45 councillors

2017/18 £'000		2018/19 £'000
815	Allowances	**662**
-	Expenses	-
815		**662**

31. External Audit Costs

The Council 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 external auditors, Ernst & Young.(2017/18 Grant Thornton)

2017/18 £'000		2018/19 £'000
119	Fees payable for external audit services	91
28	Fees payable for the certification of grant claims and returns	**26**
5	Fees payable in respect of other services	-
152		**117**

32. Officers' Remuneration

The number of Council employees (including teachers) whose remuneration was £50,000 or more in bands of £5,000 is shown below, split between schools and other staff. Remuneration includes all taxable sums paid to or received by an employee. Payments include salary (including performance related pay), redundancy, expenses and other benefits received other than in cash (e.g. leased car benefit), excluding pension contributions. The figures also exclude voluntary aided schools whose staff are not employed by the London Borough of Bexley. The Chief Executive, Directors and the Monitoring Officer have been excluded from the table below since they are shown separately in the next table in this note.

2017/18				2018/19		
Non Teaching Employees	**Teaching Employees**	**Total Employees**	**Earnings Band**	**Non Teaching Employees**	**Teaching Employees**	**Total Employees**
20	10	30	50 - 54,999	28	5	33
21	2	23	55 - 59,999	26	9	35
18	3	21	60 - 64,999	15	2	17
5	4	9	65 - 69,999	7	2	9
2	-	2	70 - 74,999	-	1	1
2	2	4	75 - 79,999	7	3	10
2	1	3	80 - 84,999	-	-	-
1	-	1	85 - 89,999	1	-	1
1	-	1	90 - 94,999	3	-	3
-	1	1	95 - 99,999	1	-	1
			100-104,999	-	1	1
			105-109,999	1	-	1
-	-	-	110 - 114,999	-	-	-
1	-	1	115 - 119,999	1	-	1
73	**23**	**96**	**Total £50,000 and over**	**90**	**23**	**113**

Senior officers with a salary of more than £150,000 are required to be disclosed by name and title; those with a salary of less than £150,000 are disclosed by title only. For Bexley, the senior officers disclosed below are the Management Board, the Director of Public Health and the statutory Monitoring Officer – in Bexley this is the Head of Legal Services.

32. Officers' Remuneration (contd.1)

2018/19

Name and position	Salary including fees and allowances	Bonus	Benefits in kind	Compensation for loss of employment	Employer pension contributions	Total Remuneration
	£	£	£	£	£	£
Gillian Steward - Chief Executive (left 31 August 2018) A*	78,695	309	-	93,650	15,395	188,048
Paul Moore Acting Chief Executive(from1 September 2018 (formerly Director of Place, Communities & Infrastructure) B*	157,478	10,456	-		32,497	200,430
Leigh Whitehouse - Director Of Finance and Corporate Services (left 31 August 2018 and was covered by an interim until 31st December 18) C*	111,931	-	-			111,931
Paul Thorogood - Director Of Finance and Corporate Services (On secondment basis from 1st September 2018 and permanently from 2 January 2019) F*	91,840				6,444	98,284
Director of Adult Social Care & Health	134,512	1,317			26,842	162,671
Director of Children's Services	148,771	8,925	-		31,049	188,745
Service Director (Bexley Care)	134,171	194	-		26,529	160,894
Assistant Chief Exec Monitoring Officer (Left 8 April 2018) E*	4,498	-	-	53,647	485	58,629
Deputy Director Corporate Services-(Monitoring Officer)	111,132	4,615			22,700	138,446
Asst Chief Exec-(Growth & Regen) G*	97,287	4,615			19,870	121,771
Head of Communications & marketing H*	65,024	-			12,500	77,524
Total	**1,135,337**	**30,429**	**-**	**147,297**	**194,310**	**1,507,373**

A* - Remuneration includes £Nil received in respect of election duties (£9,386 in 2017/18).
B* - Remuneration includes £827 received in respect of election duties (£2,400 in 2017/18).
C* - Remuneration includes £Nil received in respect of election duties (£650 in 2017/18)
D* - Remuneration includes £600.15received in respect of election duties.(£450 in 2017/18)
E* - Remuneration includes £Nil received in respect of election duties (£650 in 2017/18)
F* - Remuneration includes £Nil received in respect of election duties (£Nil in 2017/18)
G* - Remuneration includes £517.43 received in respect of election duties (£324.55 in 2017/18)
H* - Remuneration includes £500 received in respect of election duties (£324.55in 2017/18)

2017/18

Name and position	Salary including fees and allowances	Bonus	Benefits in kind	Employer pension contributions	Total Remuneration
	£	£	£	£	£
Gillian Steward - Chief Executive A*	192,955	-	-	35,890	228,845
Director of Adult Social Care & Health	129,226	-	-	25,481	154,707
Director of Place, Communities & Infrastructure B*	143,407	-	-	27,929	171,336
Director of Children's Services	139,224	6,796	-	28,962	174,982
Director of Finance C* (left 02/07/2017)	35,032	-	-	6,799	41,831
Leigh Whitehouse - Director Of Finance and Corporate Services (commenced July/2017)	153,237	-	-	-	153,237
Head of Legal Services D*	84,133	-	-	16,460	100,593
Service Director (Bexley Care#)	131,235	-	-	26,664	157,899
Assistant Chief Exec (Monitoring Officer)	95,671	-	-	18,746	114,417
Total	**1,104,120**	**6,796**	**-**	**186,930**	**1,297,847**

A* - Remuneration includes £9,386 received in respect of election duties (£9,184 in 2016/17).

B* - Remuneration includes £2,400 received in respect of election duties (£5,327 in 2016/17).

C* - Remuneration includes £650 received in respect of election duties (£392 in 2016/17).

D* - Remuneration includes £450 received in respect of election duties.

E* - Remuneration includes £650 received in respect of election duties.

The numbers of exit packages for 2017/18 and 2018/19, including schools, with total cost per band and 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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
							£	£
£0 - £20,000	9	20	19	8	28	28	195,750	178,761
£20,001 - £40,000	2	1	2	1	2	2	89,916	52,010
£40,001 - £60,000	2	1	-	-	1	1	93,208	41,447
£60,001 - £80,000	-	-	-	-	-	- -		-
					0	0		
Total	**13**	**22**	**21**	**9**	**31**	**31**	**378,874**	**272,218**

None of the exit packages for 2018/19 involved the senior officers disclosed above.

33. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education - the Dedicated School Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an Council-wide basis, and for the Individual Schools Budget, which is divided into a budget share for each school. The funding formula sets out the new arrangements for LA's to allocate the Schools block element of the DSG to schools. Any carry forward of DSG as part of the new arrangements must be allocated against the schools block for redistribution. Over and under spends on the two elements are required to be accounted for separately.

		2018/19	
	Central Expenditure £'000	ISB £'000	Total £'000
Final DSG for 2018/19 before academy Recoupment	-	-	226,193
Academy figure recouped for 2018/19	-	-	(150,803)
Total DSG after academy recoupment for 2018/19	-	-	**75,390**
Plus: Brought forward from 2017/18	-	-	892
6th Form	-	-	458
Agreed initial budgeted distribution in 2018/19	40,052		**76,740**
In-year adjustments	-	-	-
Final budget distribution for 2018/19	**40,052**	**36,688**	**76,740**
Less: Actual central expenditure	(42,908)	-	**(42,908)**
Less: Actual ISB deployed to schools	-	(36,688)	**(36,688)**
Carry-forward to 2019/20	**(2,856)**	**-**	**(2,856)**

		2017/18	
	Central Expenditure £'000	ISB £'000	Total £'000
Final DSG for 2017/18 before academy Recoupment	-	-	221,202
Academy figure recouped for 2017/18	-	-	(143,861)
Total DSG after academy recoupment for 2017/18	-	-	**77,341**
Plus: Brought forward from 2016/17	-	-	976
6th Form	-	-	440
Agreed initial budgeted distribution in 2017/18	33,183		**78,757**
In-year adjustments	-	-	-
Final budget distribution for 2017/18	**33,183**	**45,574**	**78,757**
Less: Actual central expenditure	(32,291)	-	**(32,291)**
Less: Actual ISB deployed to schools	-	(45,574)	**(45,574)**
Carry-forward to 2018/19	**892**	**-**	**892**

34. Other Long Term Liabilities

Other long term liabilities are made up of the following items.

	2017/18 £'000	2018/19 £'000
PFI/PPP contracts	(30,275)	(28,392)
Finance leases	(3,572)	(3,019)
Other	-	(218)
Total	**(33,847)**	**(31,629)**

35. 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 effective control 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).

The Council has prepared this disclosure in accordance with its interpretation and understanding of IAS 24 and its applicability to the public sector utilising current advice and guidance.

Related party transactions that need to be disclosed are those where a Council Member or senior officer has control over one party to the transaction and significant influence over the other. For Bexley, the only Council Members that would have control over one party to a transaction would be the Members of the Cabinet. This also applies to senior officers. The transactions in the table below have been identified for 2018/19. In addition, there are separate disclosures elsewhere within the accounts for senior officer remuneration and members' allowances.

Some of the appointments listed below continue throughout 2018/19. The declaration of a related party transaction does not imply any personal involvement of the Councillors and officers shown below. Transactions between the London Borough of Bexley and other organisations that total less than £10,000 in the year are not included in this note.

Organisation	Member	Position	Transactions in £'000
Eltham Crematorium Joint Management Committee	Cllr Alex Sawyer Cllr David Leaf	Member Member	Nil
Local Government Association (LGA)	Cllr David Leaf Cllr Teresa O'Neill OBE Cllr Louie French	Member Member Member	£45,681.36
Bexleyheath Business Partnership	Cllr Louie French	Director	£312,723.11
London Youth Games	Cllr Peter Craske	Representative	£17,242.02
Oxleas NHS Trust	Officer Tom Brown	Representative	£1,603,073.44

Thames Innovation Centre

Thames Innovation Centre (TIC) is a not-for-profit local Council controlled company that commenced trading at the end of 2006. The London Borough of Bexley has made a loan to TIC of £450,000 as at 31 March 2017 under a loan agreement dated 14th March 2007. No interest will be charged within the initial ten year period from the date of the agreement. Under a service level agreement dated 29th March 2007, the Council is entitled to reasonable free use of TIC's facilities. Furniture and equipment valued at £431,713 was transferred from the Council to TIC on 29th March 2007. These assets will revert back to the Council at the end of the service level agreement on 31st March 2027. There is a further loan agreement dated 10th February 2010 between the London Borough of Bexley and TIC, providing up to £60,000 for TIC to undertake internal works to convert two existing offices into six smaller offices. Interest will be charged at 0.5% above the Public Works Loan Board 10 year annuity rate.

As at 31st March 2019 the amounts outstanding on the loan facilities was £456,966 plus accrued interest of £18,694. In addition the sum of £12,382.90 was included in trade debtors in respect of amounts owed to the council.

BexleyCo Limited

BexleyCo Limited is a development and regeneration company that was incorporated by the Council in June 2017. It is a company limited by shares with the Council as sole shareholder. It's primary activity will contribute to the Councils regeneration and commercialism agenda by purchasing and developing real estate.

The Company's Business Plan sets out the aims and objectives of the Company, its structure and key activities. This second Business Plan, covering the period 2019 – 2025, continues to build on and refine the Business Plan agreed by Cabinet Committee on 29 January 2018 and introduces diversification to both maximise the return and deliver it within a reduced timescale to the Council. The central aim of securing a strong delivery vehicle for housing and other development activity remains.

The Business Plan was agreed by the Company's Board on 12 November 2018 and by the Cabinet Committee as Shareholder on 26 November 2018.

35 Related Party Transactions(cont)

As at the 31st of March 2019 ,the council had made a working capital loan facility of £300k to BexleyCo in addition to this ,the sum of £477,152 was included in trade debtors as amounts due from BexleyCo in respect of recharges for staff costs and other expenses owed to the council.

The latest audited accounts for BexleyCo as at 31st March 2019, showed a net loss of £617,033 for the year and a net liability balance of £616,933 .The council has given an undertaking to provide financial support for BexleyCo over the next 12 months until 31st March 2020, this means that the council will not make any call on the working capital loan facility and the council will provide support to BexleyCo. to meet its financial liability obligations over the next 12 months.

Central Government

The Council received a number of grants – both revenue and capital – from Central Government. Further details of these are given in note 13.

London Borough of Bexley Pension Fund

The Council recharged £306,968 to the Pension Fund in 2018/19 for administration costs. The Director of Finance for London Borough of Bexley allocates 5% of their time to the Pension Fund Company . During the year, no Council Members or designated officers have undertaken any declarable transactions with the Pension Fund.

36 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 and PFI contracts), 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

31 March 2018 £'000		31 March 2019 £'000
178,087	**Opening CFR**	**226,332**
	Capital investment	
58,450	Property, Plant and Equipment	27,890
91	Heritage Assets	272
11,286	Investment Properties	25,910
62	Intangible Assets	231
7,856	Revenue Expenditure Funded from Capital under Statute	13,929
77,746		**68,232**
	Sources of finance	
(143)	Capital receipts	(2,805)
(21,237)	Government grants and other contributions	(24,280)
	Sums set aside from revenue:	
(1,431)	Reserves and Revenue Budgets	(1,281)
(6,689)	Minimum Revenue Provision	(8,529)
(29,500)		**(36,895)**
226,332	**Closing CFR**	**257,669**
	Explanation of movement in CFR	
54,935	Increase in underlying need to borrow (unsupported by government financial assistance)	39,866
(6,689)	MRP/loans fund principal repaid	(8,529)
48,245	**Increase in CFR**	**31,337**

37. Leases

Council as Lessor

Finance Leases

The Council has leased out four properties, Welling United Football Club ground, Erith shopping centre, Bexleyheath bowling centre and Whitehall Lane

The Council has a gross investment in the lease, made up of minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term receivable for the interest in the property acquired by the lessee and finance income earned by the Council.

Minimum Lease Payments	**2017/18 £'000**	**2018/19 £'000**
Finance Lease Receivable		
Current	11	13
Non - Current	2,812	2,800
Interest	12,215	11,946
Total	**15,038**	**14,759**

Gross Investment in Lease	**2017/18 £'000**	**2018/19 £'000**
Not later than one year	281	281
Later than one year and not later than five years	1,122	1,122
Later than five years	13,636	13,343
Total	**15,039**	**14,746**

Minimum Lease Payments	**2017/18 £'000**	**2018/19 £'000**
Not later than one year	11	13
Later than one year and not later than five years	58	64
Later than five years	2,754	3,004
Total	**2,823**	**3,081**

Operating Leases

The future minimum lease payments due under non – cancellable leases in future years are set out below:

	2017/18 £'000	**2018/19 £'000**
Within 1 year	2,126	1,999
Within 2 – 5 years	7,600	7,395
Over 5 years	153,492	149,748
Minimum Lease payments	**163,218**	**159,142**

37b. Council as Lessee

Operating Leases

The future minimum lease payments due under non cancellable leases in future years are set out as follows:

	2017/18 £'000	**2018/19 £'000**
Within 1 year	61,727	60,309
Within 2 – 5 years	114,327	60,858
Over 5 years	88,402	81,574
Minimum Lease payments	**264,456**	**202,742**

37b. Leases (cont)

Council as Lessee

Finance Leases

The Council leases 31 vehicles for waste collection and recycling from Serco, the contract is due to last until March 2025 . The following information present the minimum lease payments due and the balance of outstanding liabilities as at the year end.

Minimum Lease Payments	**2017/18**	**2018/19**
	£'000	**£'000**
Finance Lease Receivable		
Current	536	552
Non - Current	3,572	3,020
Interest	507	384
Total	**4,615**	**3,956**

Minimum Lease Payments	**2017/18**	**2018/19**
	£'000	**£'000**
Less than one year	659	659
One to Five Years	2,637	2,637
More than Five Years	1,319	659
Total	**4,615**	**3,955**

Finance Lease Liabilities	**2017/18**	**2018/19**
	£'000	**£'000**
Less than one year	536	552
One to Five Years	2,310	2,379
More than Five Years	1,262	640
Total	**4,108**	**3,571**

Net Book Value of Lease Assets

Assets included in Property Plant and Equipment

	2017/18	**2018/19**
	£'000	**£'000**
Gross Cost	5,953	5,953
Accumulated Depreciation	(1,759)	(2,380)
Net Book Value	**4,194**	**3,573**

Operating Leases

There are no material operating leases to report

38. Private Finance Initiatives And Similar Contracts

The Council has contracted with Investors in the Community (IIC) for the redevelopment and facilities management of Welling and Bexleyheath academies to provide education services for Bexley pupils. Annual payments commenced during 2005/06 for 25 years and are currently £6.2m, of which 51% will increase annually in line with RPIX and 49% is fixed. They can also vary as a result of performance and availability deductions, benchmarking, certain changes in law and contract variations initiated by the Council. Renewal and termination options and other rights and obligations are available to the Council under the terms of the agreement. The costs are being met from the annual PFI grant provided by the government of £3.1m together with academy contributions and other school budgets approved by the Council.

The Council has also contracted with Parkwood Leisure for the redevelopment and operation of its sports and swimming centres, including both routine and lifecycle building maintenance. The annual payments (the unitary charge) are currently £2.4m, which are inflated by 3% each year. These payments commenced during 2005/06 and are payable over 30 years. They can vary as a result of performance and availability deductions, certain changes in law and contract variations initiated by the Council. In addition, the operational services are benchmarked every five years and at a future benchmarking date (2020 or later) may be market tested. At July 2010 benchmarking, it was agreed no change would be made to the unitary charge and at July 2015 a unitary charge reduction of £300,000 per annum was agreed. The costs are being met from budgets approved by the Council. At the end of the contract term, which is fixed, all the facilities return to the Council for nil consideration.

These arrangements are accounted for in accordance with IFRIC 12 and the assets involved should be included on the Balance Sheet. However, the schools involved in the PFI contract are academies and are therefore not included in the Council's Balance Sheet. The movement in the value of the PPP assets is included in the table below:

2017/18 PPP - Leisure Centres £'000		2018/19 PPP - Leisure Centres £'000
39,228	Net book value at 1 April	36,253
431	Additions	227
(3,406)	Depreciation and impairment	(2,391)
0	Revaluation	17,604
	Disposals	
36,253	**Net Book Value at 31 March**	**51,693**

The associated unitary charges are now separated into three elements: service charge, repayment of the liability and interest, which are met from the Council's revenue account. The PFI payments are due to be made for the next 13 years until 2031. The PPP payments will be made for the next 19 years until 2036. An analysis of the payments in 2016/17 and 2017/18 is shown in the table below:

Movements in liabilities resulting from PFI or similar contracts are disclosed below:

2017/18 PFI - Schools £'000	2017/18 PPP - Leisure Centres £'000	2017/18 Total £'000		2018/19 PFI - Schools £'000	2018/19 PPP - Leisure Centres £'000	2018/19 Total £'000
2,277	603	**2,880**	Service Charges	2,353	546	**2,899**
1,021	41	**1,062**	Repayments made in year	1,407	112	**1,520**
-	-	-	Interest Lifecycle costs			-
2,783	1,699	**4,482**	& Contingent Rents	2,425	1,680	**4,105**
6,081	**2,343**	**8,424**	**Value at 31 March**	**6,186**	**2,339**	**8,524**

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contracts at 31st March (excluding any estimation of inflation and availability performance) are shown below.

2018/19	PFI - Schools				PPP - Leisure Centres			
	Repayment £'000	Interest £'000	Service Charge £'000	Other £'000	Repayment £'000	Interest £'000	Service £'000	Other £'000
Payment in 2019/20	1,537	1,695	2,353	600	7	733	884	1,106
Payments within 2-5 years	6,073	5,498	9,412	3,758	107	2,947	3,808	4,900
Payments within 6-10 years	8,679	3,578	11,765	6,906	1,284	3,206	5,439	6,872
Payments within 11-15 years	3,493	242	3,726	2,334	2,704	1,829	6,306	8,638
Payments within 16-17 years		-	-	-	973	84	2,066	1,495
Total	**19,783**	**11,013**	**27,256**	**13,598**	**5,075**	**8,799**	**18,504**	**23,011**

"Other" includes lifecycle costs and contingent rents.

39. Termination Benefits

Details can be found in Note 32 (Officers' Remuneration).

40. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pension on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 7,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2018/19 the Council paid £2.82m (2017/18 £3.16m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.5% of contributory Salary of £17.115m There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 41.

The Council is not liable to the scheme for any other entities' obligations under the plan.

There are also some staff who are members of the National Health Service Superannuation Scheme administered by the Department of Health. This scheme is also an unfunded multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it were a defined contribution scheme.

41. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council 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 participates in two post-employment schemes- The Local Government Pension Scheme and the London Borough of Bexley pension Scheme.

- The Local Government Pension Scheme (LGPS), administered locally by the Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- 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. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

- The London Borough of Bexley pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of the London Borough of Bexley. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Committee and consist of six external Investment Fund managers.

- The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the 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.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make 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 transactions in the table below have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Eltham Crematorium

When Eltham Crematorium was devolved the sum of £834k was incorporated in Bexley balance sheet to recognise a historic liability obligation in respect of Eltam Crematorium pension fund

London Pension Fund Association

When the Greater London Council was disbanded , Bexley was allocated 1.23% of the fund with a liability of £1.965m there are now 4 members remaining on this scheme.

41. Defined Benefit Pension Schemes (contd.1)

41a. Balance sheet Pension funds Schemes

	2018/19 £'000	2017/18 £'000
Local Government Pension Scheme (all)	191,665	165,846
Eltham Crematorium**	834	834
London Pension Fund Association**	1,985	1,985
Total Pensions liabilites	**194,484**	**168,665**

** No IAS19 revaluation insignificant changes

The following disclosures relate to the Local Government Pension Scheme

Local Government Pension Scheme

41b. Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme (unfunded) £'000		Discretionary Benefits Arrangements £'000	
	2018/19	2017/18	2018/19	2017/18
Cost of Services:				
Service cost comprising:				
● current service cost	17,424	17,699	-	-
● past service costs	7,086	8	-	-
● *(gain)/ loss from settlements*	-	(4,600)	-	-
● administration expenses	452	440	-	-
Financing and Investment Income and Expenditure				
Net interest expense	3,597	3,371	268	259
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**28,559**	**16,918**	**268**	**259**

Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement

	£'000		£'000	
	2018/19	2017/18	2018/19	2017/18
Remeasurement of the net defined benefit liability comprising:				
● Return on plan assets (excluding the amount included in the net interest expense)	(31,216)	(5,403)	-	-
● Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-
● Actuarial gains and losses arising on changes in financial assumptions	38,749	(16,296)	341	(116)
● Experience gains and losses	-	-	-	-
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**7,533**	**(21,699)**	**341**	**(116)**
Movement in Reserves Statement				
● reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(28,559)	-	(268)	-
Actual amount charged against the General Fund Balance for pensions in the year:				
● employers' contributions payable to scheme	10,882	10,576	613	615
● retirement benefits payable to pensioners	-	-	(613)	(615)

41c. Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

Balance Sheet	Local Government Pension Scheme £'000		Discretionary Benefits £'000	
	2018/19	2017/18	2018/19	2017/18
Present value of the defined benefit obligation	874,390	813,865	10,214	10,218
Current value of the plan assets	(692,939)	(658,237)	-	-
Net liability arising from defined benefit obligation	**181,451**	**155,628**	**10,214**	**10,218**

41. Defined Benefit Pension Schemes (contd.2)

41d. Reconciliation of the movements in the current value of scheme (plan) assets

	Local Government Pension Scheme		Discretionary Benefits	
	£'000		£'000	
	2018/19	2017/18	2018/19	2017/18
Opening current value of scheme assets	**658,237**	**653,440**	-	-
Interest income	18,047	16,823	-	-
Remeasurement gain/(loss):				
● The return on plan assets, excluding the amount included in the net interest expense	31,216	5,403	-	-
Contributions from employer	10,882	10,576	613	615
Contributions from employees into the scheme	3,537	3,500	-	-
Benefits paid	(28,528)	(27,254)	(613)	(615)
Settlements	-	(3,811)	-	-
Administration expenses	(452)	(440)	-	-
Closing current value of scheme assets	**692,939**	**658,237**	-	-

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	£'000		£'000	
	2018/19	2017/18	2018/19	2017/18
Opening balance at 1 April	**813,865**	**824,425**	**10,218**	**10,690**
Current service cost	17,424	17,699	-	-
Interest cost	21,644	20,194	268	259
Contributions by scheme participants	*3,537*	*3,500*	-	-
Remeasurement gains and losses				
● Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-
● Actuarial gains and losses arising on changes in financial assumptions	38,749	(16,296)	341	(116)
● Experience gains and losses	-	-	-	-
Past service costs	7,086	8	-	-
Losses/ (gains) on curtailment	-	170	-	-
Settlements	-	(8,581)	-	-
Benefits paid	(27,915)	(27,254)	(613)	(615)
Liabilities extinguished on settlements	-	-	-	-
Closing balance at 31 March	**874,390**	**813,865**	**10,214**	**10,218**

41. Defined Benefit Pension Schemes (contd.3)

41e. Local Government Pension Scheme assets comprised:

Asset Category	Quoted (Y/N)	Current value of scheme assets 31 March 2019 £'000	31 March 2018 £'000
Equities:		**315,980**	**247,657**
Energy	Y	7,622	9,153
Materials	N	1,386	-
Industrial	Y	23,560	28,485
Consumer	N	50,585	74,118
Health Care	Y	40,883	27,591
Financials	Y	36,726	35,823
Information Technology	Y	43,655	64,518
Telecommunication Services	Y	31,875	3,945
Utilities	Y	11,780	4,024
Other Equities	Y	67,908	-
Bonds:		**154,525**	**126,969**
UK Government Indexed	Y	76,223	62,869
Overseas Fixed Interest	Y	2,772	31,704
Overseas Other	Y	75,530	32,396
Alternatives:		**208,575**	**272,421**
Private Equity – Overseas LLP	Y	54,742	55,020
Funds – Overseas Equity	Y	-	8,864
Funds – Property	Y	72,759	72,103
Funds – Diversified Growth	Y	64,443	122,352
UNBS Infrastructure	Y	16,631	14,082
Cash and Cash Equivalents	N	**13,859**	**11,190**
Total		**692,939**	**658,237**

41f. Assumptions and sensitivity

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. Under the projected unit method the current service cost will increase as members of the scheme approach retirement (where there is an increase in the age profile of the active membership). Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

Asset Category	Local Government Pension Scheme 31 March 2019 £'000	31 March 2018 £'000
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.2	23.1
Women	26.2	26.1
Longevity at 65 for future pensioners:		
Men	25.4	25.3
Women	28.5	28.4
Rate of CPI inflation	2.3%	2.3%
Rate of increase in salaries	3.8%	3.8%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.4%	2.7%

41. Defined Benefit Pension Schemes (contd.4)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. 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.

Factor	Change	Impact on the Defined Benefit	
		£'000	£'000
		Increase	Decrease
Longevity	**Increase life expectancy 1 year**	**17,726**	**17,726**
Rate of inflation	**Increase by 0.1%**	**13,539**	**13,539**
Rate of increase in salaries	**Increase pay growth by 0.1%**	**1,145**	**1,145**
Rate for discounting scheme liabilities	**Increase by 0.1%**	**13,335**	**13,335**

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, subject to the administering Council not taking undue risk. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 12 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2020

There were national changes to the scheme under the Public Pensions Services Act 2013. 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. The new scheme for local government was set out in the LGPS Regulations 2013.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 is £10.8m Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2019 are £0.6m.

The weighted average duration of the defined benefit obligation for scheme members is 15 years at 31 March 2016 (16 years at 31 March 2013).

42. Contingent Liabilities

Contingent liabilities have been considered up to the authorisation date of the Financial Statements of 20 November 2019 by the Director of Finance. The liability which was indicated in last years' Statement has subsequently been deemed to cease to exist and the associated reserve has been written back to offset potential underspend in year. The Council has no contingent liabilities at 31 March 2019.

The Council has given an undertaking to provide financial support for BexleyCo (a wholly owned subsidiary) over the next 12 months until 31st March 2020, this means that the council will not make any call on the working capital loan facility and the council will provide support to BexleyCo. to meet its financial liability obligations over the next 12 months.The total amount of support is unknown .The council estimates that the cost of this support is unlikely to have a material impact on the funds of the council

The Council's legal department is involved in a number of legal issues ,the outcome of which are unknown pending cases at the year end included dispute over certification charges for services delivered by a company now in liquidation, Issues regarding resurfacing works ,claims with respect to termination of development contract. The council estimates that the costs of these and ther pending cases are unlikely have a material impact on the funds of the council ,or mistatement of the council's liabilites

43. Contingent Assets

There are no material contigent assets to report.

44. Nature and Extent of Risks Arising from Financial Instruments

Bexley Council is a Council defined by the Local Government Act 1972 as primarily providing statutory services to the local population on a not-for-profit basis. As such, few financial instruments are used by way of commercial business. However, the funding mechanism means that during the year, the Council may hold substantial assets and liabilities. The Council uses financial instruments to manage the risks arising from holding assets and liabilities; it does not use financial instruments for trading or speculative purposes.

The main risks covered are:

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;

Market Risk: The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Re-financing risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework as described within the Local Government Act 2003 and the associated regulations.

Credit Risk

Credit risk arises from deposits with banks and 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 criteria. The Annual Investment Strategy also imposes a maximum sum that may be invested with a financial institution/group. The Council has adopted the CIPFA Treasury Management Code of Practice.

The Council's Treasury Management Strategy specifies that the two principles that underpin the Council's Investment Strategy are that:-

- investments should be restricted to relatively low risk securities which do not suffer from significant changes in their capital value, and
- a balance should be sought between investment in securities which yield a variable or a fixed rate of interest. This provides an element of diversification in the Council's investment portfolio and reduces the impact of changes in interest rates on the Council's interest earnings.

Short-term core cash were invested for periods of up to one year. No new long term investments were made during the year. Existing investments met the Council's approved lending criteria as laid out in its Treasury Management Strategy. The portfolio consits of medium-term investments in Diversified Growth Funds/Absolute Return pooled funds and medium-term to longer-term investments in pooled property funds. The pooled investment vehicles (which do not have credit-ratings) are part of the Council's longer-term investment strategy with the potential to earn higher returns than in fixed term deposits. Fluctuations in the net asset value are expected over the life of these investments but overall effects are expected to smoothen out over the life of the investment. Current changes in capital value are not material and changing trends are currently being monitored by oneSource treasury management staff in consultation with the Council's financial advisors, Link Asset Services.

Credit Risk Exposure

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2019	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2019	Estimated maximum exposure to default and collectability	Estimated maximum exposure at 31 March 2019
	£'000	%	%	£'000	£'000
Deposits with financial institutions	-	0.0%	0.0%	-	-
Bonds	3,114	0.0%	0.0%	-	-
Pooled Funds	31,308	0.0%	0.0%	-	-

44. Nature and Extent of Risks Arising from Financial Instruments (contd.2)

The following analysis summarises the Council's potential maximum exposure to credit risk on loans, based on the 12-month loss model:

	31-Mar-19	31-Mar-18
	£'000	£'000
Opening Balance	267	450
- Fair value adjustment on initial recognition	183	(183)
+ New loans granted	300	
- Loans repaid		
Impairment losses based on 12 month loss model	(750)	
Balance carried forward	**0**	**267**
Nominal value of loans	**750**	**450**

No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

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 raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 15% of loans are due to mature within any one year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The temporary borrowing is a loan granted by Rhondda Cynon Taff County Borough Council (RCTCBC).

The maturity analysis of financial liabilities is as follows (at nominal value) :

	31 March 2019 £'000	31 March 2018 £'000
Loans outstanding		
PWLB	202,563	172,534
Market debt	-	-
Temporary borrowing (RCTCBC)	2,600	-
Total:-	**205,163**	**172,534**

	31 March 2019 £'000	31 March 2018 £'000
Maturity Profile		
Less than 1 year	2,631	2,031
Maturing between 1 and 2 years	31	31
Maturing between 2 and 5 years	94	94
Maturing between 5 and 10 years	17,778	12,810
Maturing between 10 and 15 years	23,769	13,568
Maturing between 15 and 20 years	2,500	3,000
Maturing between 20 and 25 years	-	-
Maturing between 25 and 30 years	9,000	6,000
Maturing between 30 and 35 years	30,300	15,500
Maturing between 35 and 40 years	40,500	34,500
Maturing between 40 and 45 years	44,500	42,500
Maturing over 45 years	34,000	42,500
Total:-	**205,103**	**172,534**

44. Nature and Extent of Risks Arising from Financial Instruments (contd.3)

Market Risk
The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and ExpenditureStatement will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall (no impact on revenue balances)
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2019 £'000
Increase in interest payable on variable rate debt	-
Increase in interest receivable on variable rate investments*	5
Net Impact on Comprehensive Income and Expenditure – Gain	**5**
Decrease in fair value of loans and receivables	(92)
Decrease in fair value of fixed rate borrowings liabilities	(60,496)

The Authority has no investment in call accounts with falling interest rates at 31st march 2019.

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.

45 Prior Period Adjustment

Internal Recharges

A review of the Council's accounting policies identified the following issues which required restatement of the Comprehensive Income and expenditure account for the prior year ended 31st March 2018 . There was no impact on the Movement in reserves, opening or closing Balance sheet or Cash flow statements for the year ended March 2018
1 The Internal recharges forexpenditure were allocated incorrectly across the Service headings resulting in a misclassification of expenditure of £27,240m between services

2The memorandum entries for the joint parties operations were not eliminated from income and expenditure resulting in an overstatement of income and expenditure of £19.029m

Effect on Comprehensive income and expediture statement 2017/18 are as follows

	Original Gross Expenditui £'000	Original Gross Income £'000	Original Net Expenditure £'000	Internal recharges Expenditure £'000	Internal recharges Income £'000	Memorandum Elimination Expenditure £'000	Memorandum Elimination Income £'000	Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000
Adults	115,648	(61,149)	**54,499**	(4,524)		(19,029)	19,029	92,095	(42,120)	**49,975**
Children & Education	147,520	(89,721)	**57,799**	(11,293)				136,227	(89,721)	**46,506**
Places, Community & Infra	95,842	(35,461)	**60,381**	(4,004)				91,838	(35,461)	**56,377**
Finance & Corporate Serv	102,472	(97,275)	**5,197**	17,443				119,915	(97,275)	**22,640**
Chief Executive	3,084	(384)	**2,700**	2,378				5,462	(384)	**5,078**
Corporate	4,830	-	**4,830**					4,830	-	**4,830**
	469,396	**(283,990)**	**185,406**	**-**	**-**	**(19,029)**	**19,029**	**450,367**	**(264,961)**	**185,406**

Valuation Basis for DRC Assets

A review of the valuation basis for DRC Land resulted in the change in the basis of valuation estimated from Amenities basis to residential buildings basis as this was considered to be best practice for this category of assets
This resulted in an increase in valuation of DRC land by £108.395m in year end March 2017 and £20.926m in year ended March 2018

Effect on Comprehensive income and expediture statement 2017/18 are as follows

	Original Net Expenditure £'000	change in valuation basis	Restated Net Expenditure £'000
Deficit on Provision of Services	40,109		40,109
Surplus on Revaluation of PPE and Heritage Assets	(13,155)	(20,926)	(34,081)
Other Movements on Revaluation of Non Current Assets			
Remeasurements of the Net Pensions Defined Benef	(21,815)		(21,815)
Total Comprehensive Income and Expenditure	5,139		(15,787)

Effect on Balance Sheet Mar 17 and Mar 18 are as follows

	Original Mar-17	change in valuation basis	Restated Mar-17	Original Mar-18	cumm change valuation basis	Restated Mar-18
	£'000	£'000	£'000	£'000	£'000	£'000
Property Plant and Equipment	537,962	108,395	646,357	557,817	129,321	687,138
Long Term Assets	655,635	108,395	764,030	701,946	129,321	831,267
Net Assets	**342,591**	**108,395**	**450,986**	**337,450**	**129,321**	**466,771**
Unusable Reserves	(262,927)	(108,395)	(371,322)	(263,236)	(129,321)	(392,557)
Total Reserves	**-342591**	**(108,395)**	**(450,986)**	**-337450**	**(129,321)**	**(466,771)**

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation on the London Borough of Bexley (as the billing Council) to maintain a separate Collection Fund. The statement shows the transactions of the Billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. The surplus and deficit on the Collection Fund is shared between the preceptors: Central Government, Greater London Council and London Borough of Bexley. Any residual surplus or deficit at the end of the financial year relating to London Borough of Bexley is taken into account in setting the level of Council Tax for the following year.

2017/18					2018/19			
Council Tax	**Business Rates**	**Business Rates Supp.**	**Total**		**Council Tax**	**Business Rates**	**Business Rates Supp.**	**Total**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
				INCOME				
				Council Tax				
(124,541)	-	-	**(124,541)**	Council Tax due	(131,446)	-	-	**(131,446)**
				Income collectable from Business Ratepayers				
-	(71,876)	-	**(71,876)**	Non-domestic rates	-	(75,084)		**(75,084)**
-	720	-	**720**	Transitional protection payments - non-domestic rates	-	228		**228**
-	-	(2,042)	**(2,042)**	Income collectable in respect of Business Rate Supplements	-		(2,101)	**(2,101)**
				Contributions towards previous years' Collection Fund deficit:				
-	-	-	**-**	Central Government	-	(2,391)	-	**(2,391)**
-	-	-	**-**	London Borough of Bexley	-	(1,952)	-	**(1,952)**
-	-	-	**-**	Greater London Council	-	(2,165)	-	**(2,165)**
(124,541)	**(71,156)**	**(2,042)**	**(197,739)**	**Total amounts to be credited**	**(131,446)**	**(81,364)**	**(2,101)**	**(214,912)**
				EXPENDITURE				
				Business Rate:				
				Precepts, demands and shares				
-	24,080	-	**24,080**	Central Government		-		**-**
99,246	21,891	-	**121,137**	London Borough of Bexley	105,170	46,291		**151,461**
22,337	26,998	-	**49,335**	Greater London Council	23,917	26,039		**49,956**
					-			
				Business Rate Supplement:				
-	-	2,034	**2,034**	Payment to levying Council's Business Rate Supplement Revenue Account			2,095	**2,095**
-	-	8	**8**	Administrative Costs			6	**6**
				Charges to Collection Fund				
(117)	(212)	-	**(329)**	Increase/(decrease) in allowance for impairment	711	-		**711**
-	(1,029)	-	**(1,029)**	Increase/(decrease) in allowance for appeals		-		**-**
-	248	-	**248**	Transfer to General Fund for allowable collection costs for non-domestic rates		252		**252**
-	2	-	**2**	Non-domestic rate refund interest		-		**-**
				Other transfers to General Fund in accordance with regulations				
				Apportionment of previous year's estimated Collection Fund surplus:				
-	237	-	**237**	Central Government	-	-	**-**	**-**
488	142	-	**630**	London Borough of Bexley	2,000	-	**-**	**2,000**
112	**95**	**-**	**207**	Greater London Council	460	-	**-**	**460**
122,066	**72,452**	**2,042**	**196,560**	**Total amounts to be debited**	**132,258**	**72,582**	**2,101**	**206,940**
(2,475)	**1,296**	**-**	**(1,179)**	**(Surplus)/Deficit arising during the year**	**811**	**(8,783)**	**-**	**(7,971)**
(5,663)	959	**-**	**(4,704)**	(Surplus)/Deficit b/f at 1 April	(8,138)	2,255	**-**	**(5,883)**
(8,138)	**2,255**	**-**	**(5,883)**	**(Surplus)/Deficit c/f at 31 March**	**(7,327)**	**(6,528)**	**-**	**(13,854)**

1. Council Tax

Income from Council Tax Payers is analysed in the table below. The Council Tax Reduction Scheme, that operates as a discount on Council Tax, replaced Council Tax Benefit on 1 April 2013. The Council could also charge premiums on long-term empty properties with effect from 1 April 2013 and there were also changes to the exemption categories from the same date.

2017/18 £'000		2018/19 £'000
(149,859)	Gross Council Tax	(156,864)
2,580	Exemptions	2,797
11,170	Discounts	11,406
(107)	Premiums	(409)
11,464	Council Tax Reduction Scheme	11,616
211	Write-offs	8
(124,541)	**Income from Council Tax Payers**	**(131,446)**

For 2018/19, the Council Tax was set by the Council at £1,588.04 (£1,524.19 in 2017/18) for a property in band D. For 2018/19, the Council Tax was calculated using an estimated Council Tax Base of 81,287 Band D equivalents, as detailed below:

2017/18			Council Tax band			2018/19		
Number of chargeable dwellings	**Band D equivalent dwellings***	**Council tax payable**	**Band**	**Ratio to Band D**	**Property value** £	**Number of chargeable dwellings**	**Band D equivalent dwellings***	**Council tax payable**
2,466	1,608	1,016.13	A	6/9	up to 40,000	2,568	1,744	1,059
6,578	5,009	1,185.48	B	7/9	40,001 - 52,000	6,743	5,166	1,235
23,317	20,291	1,354.84	C	8/9	52,001- 68,000	23,617	20,678	1,412
23,612	23,116	1,524.19	D	9/9	68,001 - 88,000	23,918	23,559	1,588
17,336	20,743	1,862.90	E	11/9	88,001 - 120,000	17,438	20,993	1,941
4,502	6,365	2,201.60	F	13/9	120,001 - 160,000	4,560	6,488	2,294
1,574	2,568	2,540.32	G	15/9	160,001 - 320,000	1,580	2,594	2,647
35	69	3,048.38	H	18/9	320,001 and over	33	65	3,176
79,420						**80,457**		
	79,769			**Council Tax base**			**81,287**	

**Band D equivalent dwellings are after allowance for non collection.*

The Council Tax Base is based on the number of dwellings in each band on the listing produced by the Valuation Officer of the Inland Revenue as adjusted for exemptions, discounts etc. and an estimate made for new properties.

2. Income from Business Ratepayers

Under the arrangements for business rates that came into effect on 1 April 2013, the Council collects National Non Domestic Rates (NNDR) for the Bexley area on behalf of the Government, the Greater London Council (GLA) and Bexley. These are based on rateable values multiplied by uniform rates which, for 2018/19, were 49.3p and 48.0p for small businesses (for 2017/18, 47.9p and 46.6p for small businesses). The total amount less certain reliefs and other deductions is paid to the Government, GLA and Bexley's General Fund in the following proportions:

	2017/18	2018/19
Government	33%	-
GLA	37%	36%
Bexley	30%	64%

Income from business ratepayers can be analysed as follows:

2017/18 £'000			2018/19 £'000
(86,834)		Gross non domestic rates	(90,054)
1,561	**less:**	Empty Properties	1,592
(720)		Transitional Relief	(228)
13,473		Mandatory & Discretionary Relief	13,555
208		Partially Occupied Properties	
436		Write off	51
(71,876)		**TO COLLECTION FUND**	**(75,084)**

The total business rateable value as at 31 March 2019 was £189.569m (£189.503m as at 31 March 2018). There was a revaluation of non-domestic properties effective from 1 April 2017.

3. Council Tax Precepts

Payments are made from the Collection Fund to the London Borough of Bexley (the billing Council) - £105.170m in 2018/19 (£99.246m in 2017/18) and the Greater London Council (the precepting Council) - £23.917m in 2018/19 (£22.337m in 2017/18). These figures are before the distribution of any previous year's estimated Fund surplus or deficit. There was a surplus of £2.460m to distribute in 2018/19 - £2.000m to Bexley and £0.460m to the Greater London Council (there was a surplus of £0.600m to distribute in 2017/18 - £0.488m to Bexley and £0.112m to the Greater London Council). The Council Tax income accrued in the General Fund adjusts the estimated demand from the Collection Fund by the actual surpluses or deficits on the Collection Fund.

4. Crossrail Business Rate Supplement

The Mayor of London introduced a levy of 2p on non-domestic properties with a rateable value of over £55,000 in London from 1 April 2010, to help pay for Crossrail. Powers were granted to the Greater London Council (GLA) to introduce this under the Business Rates Supplements Act 2009. The Crossrail Business Rate Supplement (BRS) is being collected on behalf of the GLA by the Council along with general business rates (NNDR). Income collected and payments made to the GLA are included in the Collection Fund.

5. Business Rates - Provision for Appeals

Under the arrangements for the retention of business rates that came into effect on 1 April 2013, Bexley, as a billing Council, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. This includes amounts relating to non-domestic rates charged to businesses in previous financial years. The provision is based on an estimate of the likely success rate of those appeals that were submitted to the Valuation Officer as at 31 March 2019 and were still outstanding.

Appendix 1

London Borough of Bexley Annual Governance Statement 2018/19

ANNUAL GOVERNANCE STATEMENT 2018/19

1 Scope

The London Borough of Bexley is responsible for ensuring that it serves its communities, residents and businesses in accordance with the law and proper standards, and that it safeguards and accounts for the public money, assets and resources that it holds on their behalf.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has approved and adopted a Constitution and Code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code is on our website at www.bexley.gov.uk.

This Annual Governance Statement explains how the Council has implemented the Code and how the Council meets the requirements of the Accounts and Audit (England) Regulations 2015. The Council maintains a separate Governance Compliance Statement on pension fund matters to comply with the Local Government Pension Scheme Regulations 2013 and this forms part of the Pension Fund's annual report (available at www.yourpension.org.uk/bexley).

2 Purpose

The Council's governance framework includes the following elements:

- The Council's Corporate Plan #Brilliant Bexley shaping Our Future Together
- The Values adopted by the Council
- The Constitution and Code of Governance including Procedure Rules, Code of Conduct for Members and protocols;
- The officer arrangements for governance through Corporate Leadership Team, Directorate Leadership Team and Governance Boards; and
- The systems and processes adopted by the Council.

These elements enable the Council to identify progress and monitor the achievement of its strategic priorities and outcomes. Together, they create a framework for the Council's decision-making and management of performance, resources and risk.

The governance framework described has been in place at the London Borough of Bexley for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

3 Governance Arrangements

Governance comprises the elements described in Section 2 to ensure that the intended outcomes for stakeholders are defined and achieved.

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

3.1 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively

The Council has Core Values – Innovation, Impact, Listening and responding, Open and accessible, Leadership and Collaboration.

These underpin all of the Council's work and its delivery of services. They are reviewed to ensure that they remain relevant and resonate with stakeholders. The Values are articulated as a set of behaviours for staff and managers in the person specifications for posts in Bexley, in the Council's performance management arrangements and in the training and development of staff. Key messages are reinforced during staff briefings, in staff communications such as 360 (the staff e-zine) and the Managers' Core Brief.

All staff have reference to the Council's Code of Conduct included in their contracts. Staff are reminded to declare interests, or gifts and hospitality through the MyView system.

The Council has a clear Code of Conduct for Members and a Members Code of Conduct Committee met twice in 2018/19 to review any issues and consider any changes to the Code that are required. The Code includes provisions around the declaration of interests and of gifts and hospitality and includes express reference to the Nolan Principles. Regularly updated information and advice is provided to all Members on the operation of Bexley's Code, in addition to other topics as required to support their duties during their time in office.

Immediately following election to the office of Councillor, all Members are given a copy of the Bexley Members' Code of Conduct. The Code of Conduct was also included as a key item in induction for all Members in May 2018 and further guidance is provided in the Members Workspace (an online portal providing Members with key resources).

Members are also specifically briefed on key issues or the approach to difficult issues, including legal and other requirements. Officers, including the Council's statutory officers, provide professional advice to all Members.

Report templates which officers are required to use include paragraphs which specifically address key issues such as legal and financial implications, consultation, equalities duties and other important prerequisites to sound decision making.

Whistleblowing

The Council is committed to the highest standard of openness and accountability. Consistent with that commitment, the Council encourages employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Council's Whistle-blowing Policy and Anti-Fraud and Corruption Strategy are published on its web-site and includes an online facility for reporting suspected fraud or corruption. Reports are investigated in accordance with the Strategy.

3.2 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

There are several systems and processes for ensuring compliance with relevant legislation, policies and procedures.

With regard to formal decision-making, an internal process is in place to ensure that all relevant officers contribute to reports prior to publication. Every report is required to include an explanation of financial, human resources, equalities, legal and other implications. Legal Services' contribution to this process is designed to ensure the Council has the relevant legal authority to proceed and that the legal implications of doing so are understood. In addition, Legal Services facilitate briefing sessions with Members and officers on legislative developments and their implications for the Council. Financial Services' contribution to this process is designed to ensure the full financial impact of the decision has been considered.

The Monitoring Officer has overall responsibility for ensuring the Council acts within its statutory powers and discharges its statutory duties. Part of this process includes procuring specialist external support (e.g. counsel/solicitors), where appropriate. The Monitoring Officer attends Corporate Leadership Team and other key meetings and has access to all draft reports.

The Council's financial procedures, including purchasing, procurement and payment of accounts, all include a number of requirements to ensure compliance with proper procedures and processes, including financial probity. The Council's Internal Audit Section carries out a risk-based programme of audit work, which in part is aimed at ensuring compliance with Council policy, procedures rules and regulations.

In relation to issues such as data protection and health and safety, there are well-established procedures to ensure compliance and address any issues identified, and to report to regulators when required. In respect of both areas, systems for reporting any incidents through MyView have been established and staff review these to ensure that all reporting arrangements are followed. Communication and awareness is achieved through briefings in teams or service areas, attendance at Directorate Leadership Teams and Directorate-based working groups. Annual reports to Corporate Leadership Team are also produced.

Ensuring openness and comprehensive stakeholder engagement

3.3 Establishing clear channels of communication with all sections of the community and stakeholders, ensuring accountability and encouraging open consultation

The Council's website, refreshed in April 2017, continues to be developed and improved, providing the hub for much of the Council's communication and service delivery.
The Council is increasingly communicating with residents through digital channels such as social media (including Twitter, Facebook and Instagram), its website and e-mail. These channels provide an invaluable way of monitoring local sentiment, as well as communicating and engaging with local people and other stakeholders. However, the Council also provides alternatives to ensure that it communicates effectively with all sections of the community. The Council publishes its quarterly Bexley Magazine for residents, which has demonstrated its effectiveness, particularly as a means of communicating with those who are reluctant or unable to embrace the digital world.

The Council regularly publishes press releases and service announcements (more than 200 in 2018/19) and provide responses to media enquiries (more than 220 in 2018/19). The Council continues to work closely with the local media serving the borough. It works in partnership with the most popular and widely available of these to publish its public notices and summer activities programme for young people.

Through its longstanding partnership with JC DeCaux, the Council has access to more than 50 traditional and digital poster sites at key locations within the borough. It also has a number of prominent sites for banners, which are used for high profile campaigns.

The Council has in place a platform for the use of e-mail for large-scale communications and engagement. This allows the Council to respond to people's preferences as to the type of information they receive, in a transparent, secure and convenient way. There are now more than 37,000 subscribers to this platform and the number is steadily increasing.

The Council continues to webcast its most important committee meetings, including planning committees and full Council, allowing residents to observe the Council's decision making.

Partnership working continues to play a key part in the planning and delivery of the Council's communications and consultation. This extends to health partners, Metropolitan Police. Registered Social Landlords as well as a range of Voluntary and Community organisations. Community organisations such as Neighbourhood Watch play a key role in sharing information and communications across their networks helping us reach a wider set of residents.

The Council carried out 241 public consultations during the year, reflecting the pace of change and transformation in response to the Council's financial challenges. Several of these consultations played an important part in the Council's annual budget-making process with 4,165 local people taking part in the survey of the Council's Budget proposals for 2019/20.

The Council regularly engages with community members and residents to help support their plans for the place they live. This informal engagement happens through the Council being invited to community meetings and events in neighbourhoods. This provides opportunities for officers to link residents to local initiatives that support corporate plan outcomes.

Engagement also continues through a range of more formal mechanisms, including the Children's Parliament, Youth Council, the Bexley Equalities Partnership and the local Voluntary Sector Forum.

The Council has revised its arrangements for Overview and Scrutiny and details of these new arrangements are set out in the Constitution. Chairmen and Members of Scrutiny and Overview Committees also participated in workshops with the Centre for Public Scrutiny to consider how scrutiny might be further improved. The Council held two meetings of the Joint Budget Overview and Scrutiny Committee allowing all Members to scrutinise the budget proposals. These meetings were open to the public and webcast.

3.4 Enhancing the accountability for service delivery and effectiveness of other public service providers

Other public sector service providers are held to account through a range of statutory and non-statutory boards and through the Overview and Scrutiny process.

The key statutory partnership arrangements include the Bexley Health and Wellbeing Board and the Bexley Community Safety Partnership. These are both Boards which assess Bexley's population needs in relation to health and wellbeing and community safety respectively. The Boards, which are made up of statutory and voluntary sector partners – then work in a cooperative way to establish plans to improve health and wellbeing and safety of Bexley residents and businesses. This multi-agency strategic approach ensures joined up working across local partners on issues such as mental health which are multi-faceted.

The CCG and the Council share a joint commissioning unit which provides additional accountability of service delivery and effectiveness of providers through joint commissioning arrangements. The Integrated Commissioning Board provides the strategic governance framework for this unit and ensures that operational commissioning is delivering against the system wide joint priorities set out by the Health and Wellbeing Board.

In addition to these statutory boards the Children & Social Work Act 2017 replaced LSCBs with new safeguarding partnership arrangements led by the Council, CCG and Police. Bexley's Safeguarding Board was in existence until September 2018 but was replaced by a Partnership Board (All Together for Children) from September 2018.

The Communities Overview and Scrutiny committee is dedicated to considering health and wellbeing issues and community safety issues which include the effectiveness of multi-agency working. The service delivery and effectiveness of the Council and other public service providers is also considered by the Adult and Children's overview and scrutiny committee. Where issues span scrutiny arrangements; joint scrutiny arrangements can be established.

3.5 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements.

The Bexley Health and Well-being Board, chaired by the Leader of the Council, is the statutory partnership where key leaders from across the health and care system work together to improve the health of the Bexley population and reduce health inequalities.

Members of the Board collaborate to understand the community's needs, agree priorities and encourage commissioners to work collaboratively and join up services. A multi-faceted Prevention Strategy is being developed to support the health and wellbeing of Bexley's population and to support the Council and its partners discharge their statutory duties as well as manage demand on services. The work identified in this strategy is being delivered in partnership with the voluntary and community sector as well as other public bodies. There is a Prevention and Early Intervention Steering Group that has been established to help execute the intentions of this strategy and promote effective partnership working.

The broader thematic partnership arrangements, including the Bexley Community Safety Partnership and Children's Partnership service improvement boards, exist to bring together the efforts of organisations from the public, private, community and voluntary sectors, thereby co-ordinating shared strategic objectives which address key local issues. They also co-ordinate the production of partnership plans and strategic documents that address agreed local needs and priorities and encourage co-operation in the implementation of these plans and related initiatives.

3.6 Dealing with complaints from the public

The Complaints and Freedom of Information Service provides specialist professional support across the Council in the management and handling of complaints and information requests, in line with the relevant legislation and statutory guidance, to ensure that residents receive a responsive and efficient service.

The Complaints and FOI Service maintains accessible systems that support services to identify problems and issues in a timely way, enabling interventions to be quickly made and to remedy the underlying issues. Learning from complaints is a key element of the work undertaken with regular monthly reporting of the improvements to be made following the identification and logging of improvement actions. These improvement actions are monitored against set timescales and quality standards, and routinely checked for completion.

During 2018/19 the Complaints and FOI Service dealt with 1628 requests for information compared to 1584 in 2017/18 and 512 complaints during 2018/19 compared to 830 in 2017/18.

The Council has an FOI disclosure log which includes responses to requests already made as a source of information for residents.

The Council also publishes a summary of complaints against Members concerning the Code of Conduct in regular reports to the Members Code of Conduct Committee.

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

3.7 Identifying and communicating the Borough's vision of its purpose and intended outcomes for citizens and service users

The Corporate Plan '#Brilliant Bexley' sets out the Council's key priorities and outcomes. The Plan provides a clear focus on the delivery of outcomes and reflects the role of the Council in providing leadership for the Borough's residents, working closely and collaboratively with partners in other agencies and government. The Plan is published on our website.

Specific outcomes from the Plan have also been the subject of more detailed strategy documents and consultation. In particular, the Council's Growth Strategy has been widely consulted upon and shared – www.bexley.gov.uk/services/planning-and-building-control/planning-policy/growth-strategy .

Progress against the key priorities is also reported through the Leader's Report to full Council and short articles in the Bexley Magazine, delivered to every household.

Service level performance is considered at Directorate Leadership Team meetings and issues escalated to the Corporate Leadership Team.

During 2018-19 the Council reviewed and enhanced its approach to Outcomes Based Planning and Budgeting and in doing so it considered all aspects of planning, delivering and managing outcomes. This work brought together the Council's approach into a framework of five management practices, including strategy design and development, financial management, performance management and evaluation, portfolio, programme and project management and design and innovation. Through this work, the connection between the Council's overall direction and the officer governance has been reviewed and some areas improvements have been made, including the establishment of a specific and focused transformation board and the implementation of a portfolio approach to the delivery of transformation.

3.8 Reviewing the Council's vision and its implications for the authority's governance arrangements

The Council has a clear vision outlined in its Corporate Plan. Resources are adjusted to reflect these key priorities. The Council's organisational structures are regularly reviewed to align with the Council's vision and priorities.

3.9 Translating the vision into objectives for the authority and its partnerships

The Corporate Plan '#Brilliant Bexley' sets out the Council's key priorities and outcomes.

Delivery of specific outcomes from the Plan is outlined in more detailed strategy documents, which guide the work of our Partnerships, Directorates and services. These include the Growth Strategy, Housing Strategy, Health & Well Being Strategy, Ageing Well Strategy, Family Wellbeing Strategy, Learning, Skills & Employment Strategy, Safeguarding Partnership for Children & Young People Strategy, Prevention Strategy.

Work is underway to produce a strategy map that depicts how the Corporate Plan priorities are delivered through specific strategies, including those that relate to our partnerships. It is also capturing the governance arrangements that monitor delivery. In this way, the Council can be assured that mechanisms exist to deliver its key priorities and outcomes and can make sure this is widely known and understood across its partnerships and networks.

At individual level, the Council operates a performance management scheme to ensure that all individuals understand how their work contributes to achieving organisational priorities and goals. It ensures that individuals are clear about their specific goals and accountabilities and how their performance will be measured.

Internally, operational and financial performance is reviewed by senior leaders at Heads of Service meetings and Directorate Leadership Teams in each service area and in cross-cutting Boards. A number of other senior officer groups make up our officer governance structure. The following Governance Boards have met to oversee and guide aspects of the Council's service delivery:

- Transformation Board

To ensure the development, monitoring and delivery of the comprehensive programme of transformation to enable the Council to deliver its outcomes and associated programmes of change.
The Transformation Board has been implemented during 2018/19 and has met since January 2019. The focus of the Board is to provide overview, strategic direction and governance for the Council's transformational activities which are predominantly driven by the medium term financial strategy. The Board has a key role to play in monitoring the existing saving, efficiency and transformation opportunities that have been agreed by Members to ensure their deliverability and shape and review future proposals ahead of Members consideration.

- Economy Board

To develop a thriving economy by leading on strong programme management to shape Bexley, ensure the right mix of skills and employability, and enable businesses.

The Economy Board has not met during the course of the year; however, its business has been consumed directly by the Corporate Leadership Team or the Finance & Assets Board, chaired by the Director of Finance and Corporate Services, providing oversight of this work. The Board's membership has broadened during the year to ensure that all directorates are represented. The Council continues to be focused on developing a thriving economy by leading on strong programme management to shape Bexley, ensure the right mix of skills and employability, and enable businesses.

- Commissioning Strategy Board

To consider the longer-term commissioning strategy, provide oversight and stewardship of the commissioning cycle, provide proactive supplier and contract management and assist in shaping the market in which the Council operates.

- Design and Innovation Board

To coordinate innovation activity, be responsible for the allocation of incubation resources, and facilitate entrepreneurship.

- Corporate Governance and Improvement Board

To be the custodian of the "innovative and self-sufficient" Council, promote a culture of collaborative improvement and learning across the Council, and act as an enabler of corporate oversight in respect of the health of the organisation.

The boards consolidate the previous governance groups, improving the efficiency of the Council's governance arrangements. The boards will focus on the delivery of outcomes in partnership with other partners and organisations in the Borough whilst maintaining robust governance arrangements.

For specific service areas, there are Boards or Working Groups that review performance. For example, in Children's Services, the Director chairs a performance board on a five weekly cycle, alternating between education and children's social care functions. Key issues are escalated to the lead elected member in his statutory role and to the Corporate Leadership Team as required.

The 'golden thread' runs from the Corporate Plan priorities, through to Departmental Service Plans and onwards into team plans and individual objectives agreed and monitored through regular appraisals.

3.10 Ensuring effective management of change and transformation

The Council has in place processes to encourage innovation, deliver change and manage transformation.

The Council established a Design and Innovation Board as a cross–cutting supportive forum to encourage and agree resources for large and small scale innovations. A range of activities are regularly undertaken to introduce staff to new ways of working and collaborating together.

Regular Innovation Events provide a forum for staff from across the Council to come together and use service design techniques to explore ideas and opportunities for doing things differently within their service area. They are then supported to develop these ideas further, with many going on to present to the Design and Innovation Board.

Service areas and teams have also been supported through bespoke sessions using design thinking, and a toolkit of resources, to enable teams to explore the design process further. The Design and Innovation Board also provides opportunities to share lessons learned from one project to the next and to capture and address corporate challenges relating to change and transformation. As the transformation portfolio develops, the Board membership is being refreshed and the incoming Board members are being trained and supported to enable them to fulfil their responsibilities, including how to encourage, nurture and support emerging innovation as well as considering how to stimulate ideas on particular themes in new ways, in line with the outcomes based approach.

2018/19 saw the enhancement of our approach to transformation with the introduction of an outcomes-based planning and budgeting framework. This framework, which set out our approach and minimum standards of project and programme management and the establishment of new transformation portfolios, each led by a Director, is designed to drive and enable cross-cutting and outcomes-focus to all our transformation work. This approach, coupled with standardisation of processes and systems, allows us to have greater transparency and clearer pipeline of work and builds effectively on the ways in which transformation has been embedded into the delivery plans to achieve the Corporate Plan.

The outcomes based planning approach which is designed to align the Corporate Plan and the Medium Term Financial Strategy is led by the Interim Director of Finance and Corporate Services.

Determining the interventions necessary to optimise the achievement of the intended outcomes

3.11 Measuring the quality of services for users, ensuring they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources and value for money

The Council regularly monitors progress against key priorities and outcomes, assessing best value for money and the highest possible service for Bexley residents. The internal performance process includes careful monitoring of budget, workforce, risk and customer service standards, including complaints and FOI.

Performance measures for each service aim to provide insight into the quality of the service as well as the quantity and timeliness of work.
Integrated Performance Reports are produced for elected members and senior officers, allowing service areas to assess the quality of service alongside the financial and staffing data and other related information. Progress against savings plans is regularly reviewed.

The Council continues to prioritise its resources against agreed plans and outcomes especially in the context of budget pressures.

The Council's approach aligns to the Corporate Plan and the Medium Term Financial strategy through a process of outcomes based planning.

Directorate Leadership Teams receive regular management information (including workforce, finance and performance. Information is presented to CLT and Members. Work has been undertaken during the year to review how performance management is undertaken to ensure that appropriate information is presented in a timely fashion.

The Council's Corporate Plan is reviewed regularly and performance is regularly shared with residents. Key information is reported through the organisational and democratic decision making processes – Corporate Leadership Team, Cabinet and Scrutiny Committees. The Council's Budget Strategy and Medium Term Financial Strategy are published and reviewed periodically. A summary of the Council's financial statements is published in Bexley Magazine annually.

During 2018/19, a series of personnel changes resulted in a break occurring in our performance reporting (Bexley Status Report). Service level reporting continued e.g. in Children's Services, the Director chairs a performance board on a five weekly cycle, alternating between education and children's social care functions. Key issues are escalated to the Cabinet Member and to the Corporate Leadership Team as required.

3.12 Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The recommendations of the Local Government Boundary Commission Review which determined that the number of Members should be reduced from 63 to 45, have been implemented successfully in the local election in May 2018.

The Constitution and Code of Corporate Governance is regularly reviewed through the Constitutional Working Group to deliver more streamlined and effective ways of working. Delegation arrangements are regularly reviewed to reflect the Council's organisational structure. Decision-making arrangements have also been reviewed to ensure they comply with current legal requirements.

The Finance function works with service areas to support effective use of the system and to ensure that there is recognition of financial management as a key management responsibility across all Council services. Monthly reports are produced and discussed at a directorate level for both revenue and capital. This system enables Directorate Management Teams to take a consolidated view of their financial position and budget holder forecasts before contributing to the corporate resource monitoring process. Resource monitoring is reported to the Corporate Leadership Team on a quarterly basis and to members as part of the Medium Term Financial Plan reports. Moving forward to 2019/20 resource monitoring will be reported to the Corporate Leadership Team on a monthly basis. Finance retains a role in challenging forecasts where necessary, especially for high risk budgets.

Data quality relating to key services such as Children's and Adults Social Care is continuously and rigorously tested through the consideration of performance data. For example, when performance data is reviewed by Directorates, service representatives highlight any data that is unexpected and this is checked in order to understand whether it indicates a performance issue or a data quality issue. If a performance issue is identified the service is expected to respond and the issue continues to be monitored for improvement. If a data quality issues is identified, the service, performance team and systems team work together to understand how the issue is arising. This can result in a process or system change being agreed or guidance to staff being updated.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

3.13 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The roles of officers, the executive and regulatory committees are set out in the Constitution and Code of Corporate Governance. There is a general scheme of delegations to officers and a Scheme of Specific Delegations to Officers.

Following the election in May 2018, changes have been made to both Cabinet Portfolios and to the arrangements for Overview and Scrutiny Committees to align these with outcomes in the Corporate Plan.

A Peer Review undertaken in March 2018 under the auspices of the Local Government Association recognised many strengths. Following the election, the Centre for Public Scrutiny provided support to Overview and Scrutiny Members with a view to embedding best practice in relation to effectiveness of meetings and work planning. The support also focused on ensuring Overview and Scrutiny is outcomes focussed.

The Acting Chief Executive has kept the Council's organisational and staffing arrangements under regular review.

3.14 Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The following arrangements are in place to enable to the Monitoring Officer to effectively discharge the statutory functions imposed by the post:

Maintaining and monitoring the Constitution. The Monitoring Officer maintains, monitors and reviews the Council's Constitution (in conjunction with the Head of the Paid Service, the Head of Committee Services and Scrutiny and Head of Legal Services).

Ensuring lawfulness and fairness of decision making. The Council has in place robust arrangements to ensure that all reports seeking decisions are subject to review by key officers including legal, finance and HR. The reports include a summary of the implications in each key area including equalities and consultation.
The Monitoring Officer has access to all reports and attends key officer and committee meetings, both informal and formal. With support from key officers, the Interim Monitoring Officer has the resources necessary to ensure lawfulness and fairness of decision-making.

In the event that the Monitoring Officer is not satisfied, following consultation with the Head of Paid Services and the Chief Finance Officer, the Monitoring Officer is empowered to report to the full Council, or the Cabinet in relation to an executive function any proposal, decision or omission he considers has given rise to unlawfulness or maladministration. Such a report would have the effect of stopping the proposal or decision or omission being implemented until the report has been considered.

Supporting the Members' Code of Conduct. The Monitoring Officer contributes to the promotion and maintenance of high standards of conduct within the Council. This includes the provision of direct support to the Members' Code of Conduct Committee and all other relevant Committees and Members. The Monitoring Officer has oversight of all complaints under the Code of Conduct and of any matters disclosed pursuant to the Code.

Conducting investigations. The Monitoring Officer, in accordance with agreed procedures, ensures the conduct of initial and formal investigations into complaints against Members. Unresolved complaints and/or particularly serious issues relating to breaches of the Members' Code of Conduct will be referred by the Monitoring Officer to the Members' Code of Conduct Committee.

Maintenance of the Register of Members' Interests. The Monitoring Officer is responsible for establishing and maintaining a register of interests of Members and co-opted Members of the Council. The Monitoring Officer provides advice, guidance and reminders to Members, as required.

Proper officer for access to information. The Monitoring Officer and the Head of Committee Services and Scrutiny ensure that executive decisions, together with reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible.

Providing advice as to legality. The Monitoring Officer ensures the provision of advice on the scope of powers and authority to take decisions, maladministration, financial impropriety and probity to Members and officers of the Council, drawing on expert and experienced officers in doing so.
To ensure the effective undertaking of these duties, the Monitoring Officer:

- has meetings with the Chief Executive, the Director of Finance and Corporate Services, the Head of Legal Services and the Head of Committee Services and

Scrutiny in order to review current and likely future issues with regard to legal, constitutional or ethical implications;

- maintains good liaison and working relations with the Independent Person(s) in relation to complaints against Members of the Council and the Council's internal auditors, as appropriate, in relation to matters of financial propriety; and
- ensures that Members and officers are kept abreast of new legislation and changes in the law which are relevant to the carrying out of the Council's functions. This takes a variety of forms including reports, briefing notes and training sessions as appropriate to Members and officers
- Ensures the provision of induction and training for all Members of the Council.

Since April, the role of Monitoring Officer has been undertaken on an interim basis by the Deputy Director Corporate Services and this arrangement was confirmed by Annual Council on 23rd May 2018.

3.15 Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The Head of Paid Service has overall responsibility for the management and co-ordination of the employees appointed by the Council. The Head of Paid Service is required to report to the Council as appropriate with regard to the way in which the overall discharge by the Council of its different functions is co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed and the way in which they are appointed.

In the London Borough of Bexley, this role is undertaken by the Chief Executive. Since 1st September 2018 Paul Moore had been Acting Chief Executive, pending Council the commencement in post of Jackie Belton.

3.16 Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

A comprehensive induction programme was delivered to all Councillors following the election in May 2018. This included elements of relevance to all Members including the Code of Conduct, principles of good decision-making, ICT facilities and data protection requirements, for example. In addition, specific training was provided to Members with specific roles and responsibilities.

The Chief Executive undertakes ward walks with Members, providing an opportunity to discuss priorities in particular areas,

A range of e learning on the Council's Evolve system or through the LGA website is made available to Members and there are some mandatory elements that all Members are required to complete (e.g. Safeguarding)

All Members who sit on the Overview and Scrutiny Committees were required to attend training on the purpose and function of Overview and Scrutiny. These sessions advised Members on the role and responsibilities of the Overview and Scrutiny Committees, the various tools available to Members of those committees and some current examples of good practice etc. As mentioned previously, support was also provided by the Centre for Public Scrutiny to develop the effectiveness of the scrutiny function.

All senior officers are appraised in accordance with the Council's scheme and this includes discussion and consideration of training and development needs. This discussion includes professional and technical requirements, as well as broader development needs.

The Council provides a number of opportunities for senior staff including coaching and mentoring, membership of professional networks, seminars from those with previous experience, learning from other authorities and formal development in order to enhance their skills.

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

3.17 Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Assurance Service has been working to review and develop the Council's risk management strategy, with support from Zurich risk service. The aim of this exercise is to ensure that the strategy is sufficient to support the objectives of the Council, to clearly define the roles of senior leaders and all officers involved in the risk management process and to reiterate the significance of effective risk management.

As part of this review, Corporate Leadership Team considered the existing Corporate risk register in October 2018. It was acknowledged that many of the strategic risks either needed removing or rephrasing and refreshing. Risks will be further reviewed with services to ensure that risk registers fully reflect the key risks inherent in delivering the outcomes set out in the Corporate Plan.

The revised Risk Management Strategy was adopted by the General Purposes and Audit Committee in March 2019.

3.18 Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

The risk of fraud is included as a risk on the Council's corporate risk register. The Council's Anti-Fraud and Corruption Strategy, which aims to prevent, deter and detect fraud and corruption. It sets out the roles and responsibilities of the Council and its officers. Financial Regulations, Contract Procedure Rules, and Codes of Conduct for Members and employees set out the framework for minimising the risk of fraud. The Council is a member of NAFN (the National Anti-Fraud Network).

The Counter Fraud team has a role in preventing, detecting and deterring fraud, using a number of methods to achieve these objectives. Publicity is used to raise the public's awareness of the consequences of fraudulent activity, helping to deter and prevent fraud. In terms of detection, the Council participates in data matching with the National Fraud Initiative.

There is a close working relationship between the Counter Fraud and Internal Audit teams. If a perceived weakness in control is identified during a fraud investigation, there is a system in place to report any such weakness to service managers, for them to take corrective action and put in preventative controls to prevent a re-occurrence.

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

3.19 Ensuring that the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

The Director of Finance and Corporate Services is a professionally qualified accountant (ACCA and CIPFA) and his core responsibilities include those set out in the CIPFA Statement. He is a member of the Corporate Leadership Team and reports directly to the Chief Executive. He is responsible for the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. He ensures that the budget is robust and reserves are adequate, in line with CIPFA's guidance.

The Shared Service 'oneSource' Finance Management Team are responsible for allocating resources to ensure our statutory obligations are being met and that we are operating a robust financial control environment and supporting services appropriately.

Appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. Medium term business and financial planning processes are in place to deliver strategic objectives. Timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.

The authority maintains a prudential framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.

The authority ensures compliance with CIPFA's Prudential Code Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.

The authority has put in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

BexleyCo is the Council's wholly owned subsidiary and was set up as the development partner for housing regeneration schemes and also industrial and commercial. The Section 151 responsibilities of the Director of Finance and Corporate Services include the activities of the company. The Council, as sole shareholder, has a series of reserved matters in place to protect the Council's position and ensure the strategic direction of the company. These include approval of the annual business plan for the company along with restrictions on a series of financial matters such as the ability to purchase assets, secure third party loans and make appointments.

3.20 Ensuring the authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA in public service organisations and the organisational arrangements needed to support them. Compliance with the Code requirements has been assessed**.**

The Head of Assurance is the Council's Head of Internal Audit and plays a critical role in delivering the Council's strategic objectives and meets the requirements of the Code in all material respects by:

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- providing an objective and evidence based opinion on all aspects of governance, risk management and internal control.

To perform this role the Head of Assurance:

- is a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the General Purposes and Audit Committee;
- leads and directs an internal audit service that is resourced to be fit for purpose; and
- is a professionally qualified internal auditor (Chartered Institute of Internal Auditors).

3.21 Undertaking the core functions of a General Purposes and Audit Committee

The Council has a General Purposes and General Purposes and Audit Committee which, inter alia, deals with issues relating to the Council's system of internal control, risk management and financial reporting as well as providing a forum for the discussion of issues raised by internal and external auditors. The Committee also monitors the effective implementation of risk management and anti-fraud and corruption policies. In addition, it reviews the draft Annual Governance Statement and Annual Statement of Accounts.

4 Review of effectiveness

4.1 The London Borough of Bexley has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Leadership Team and Chief Executive within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's Annual Report and by comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement was completed following a review of the Council's local code of corporate governance against the CIPFA/SOLACE - Delivering Good Governance in Local Government Framework. The AGS is a corporate document therefore input has been obtained from across the Council. Officers with the appropriate knowledge and expertise and levels of seniority carry out the following:

- Considers the extent to which the authority complies with the principles and elements of good governance set out in the Framework:

- Identifies systems, processes and documentation that provide evidence of compliance:

- Identifies the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified:

- Identifies issues that have not been addressed in the authority and consider how they should be addressed: and

- Identifies the individuals who would be responsible for undertaking the actions that are required.

-

The group of officers is led by the Director of Finance and Corporate Services and includes the Monitoring Officer and senior officer representatives from Human Resources, Internal Audit, Risk Management, Policy and Performance, Committee Services and Scrutiny, and Members' Services.

The Corporate Governance and Improvement Board considers on a regular basis the key issues relating to governance and compliance and escalates matters to the Corporate Leadership Team. It considers key management information indicative of corporate health such as risk, workforce, complaints, performance information and compliance with key legal obligations.

4.2 The results of the review are considered by the CGIB, reported to the General Purposes and Audit Committee and published with the Council's accounts. In doing this, the Council is looking to provide assurance that its governance arrangements are adequate and operating effectively in practice, or where gaps are revealed, that actions are planned to ensure effective governance in future.

4.3 Key developments during the year have included the continued development of BexleyCo as a vehicle to deliver the Council's growth and regeneration ambitions. The Cabinet Committee approved the latest business plan for the company at its meeting in November 2018 which will be reviewed mid-year and then annually.

4.4 Internal Audit is an assurance function that provides an independent and objective opinion to Bexley Council on its control environment. It operates to defined standards as set out in the Public Sector Internal Audit Standards (PSIAS). The Accounts and Audit Regulations contain a requirement for Councils to annually review the effectiveness of their internal audit and the PSIAS state that "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation". The most recent assessment, carried out in March 2016, confirmed that internal audit service at the London Borough of Bexley generally conforms to the UK PSIAS. There were no major or significant observations that need to be addressed. In addition, the review concluded that the service is well respected and has a positive impact on the Council's governance, risk and controls. Bexley's Internal Audit, Counter Fraud and Risk Management Services are part of the shared service arrangement with L.B Newham and Havering. Where appropriate, consistent processes and sharing of common methodology and best practice occur.

4.5 The Head of Assurance opinion for 2018/19 is that reasonable assurance can be provided that the Council has an adequate control framework in place. This is based on the internal audit programme of work undertaken during 2018/19, and additional assurance work which supports the opinion. Where issues were identified in the previous year by either internal or external audit or other assurance providers, or in the Annual Governance Statement, management has taken action to address them.

4.6 Grant Thornton issued unqualified opinions on the Council's 2017/18 financial statements in July 2018, meeting the deadline set by the Department for Communities and Local Government. Their opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

4.7 Grant Thornton issued an unqualified VfM conclusion for 2017/18 in July 2018. Based on their work and having regard to the guidance on the specified criteria published by the Audit Commission, they were satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018. Ernst & Young LLP will be auditing the Council's 2018/19 financial statements.

5 Conclusion on the Results of the Review of Effectiveness

We, the Chief Executive and Leader of the Council have been advised on the implications of the result of the review of the effectiveness of the governance framework by the General Purposes and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new action plans are outlined below in Section 6.

6 Issues on the Horizon and Significant Governance Concerns

Changes on the policy and fiscal environment for local government and the operations of the London Borough of Bexley also cause significant challenges to governance. The Council is carefully reviewing them and is developing or has developed carefully considered strategies to address them.

6.1 Significant Governance Concerns 2017/18 - Closed

The following concerns included in the 2017/18 AGS have been reviewed and have been closed.

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.1.1	The funding gap for 2018-2022 creates a significant challenge for the Council as this comes on top of savings secured since 2010. The budget for 2018/19 was set through a process of outcome based budgeting. These proposals were agreed at full Council in March 2018. Where there is impact on residents the proposals have been subject to external consultation and assessed with regard to any impact on equalities. The Council continues the process of identifying new savings and sources of income, necessary to build a balanced budget for 2019/20 and in preparation for self-sufficiency. It recognises that the London-wide pooled business rates arrangement is at present only a pilot and is not relying on the additional funding to fund the medium term financial strategy. However, the Government has reaffirmed its direction of travel towards greater local retention of business rates and this means the Council has to be ready to manage the associated risks. Whilst the Council has a good history of managing deep reductions in central government funding, Members, Senior Managers and Partners face difficult decisions in an environment where choices may be limited. It is also adopting a considered commercial approach to its activities.	Through a process of refreshing the corporate plan and outcome-based budgeting, the council continues to identify a range of outcomes that it sees as priorities for the next few years and beyond. Resources continue to be aligned to those outcomes to create a plan for how it will invest tax payers' money to benefit the residents and businesses of Bexley. This process takes account of the need to reduce spending as well as identifying new or additional sources of income to maximize the use of resources. These proposals consist of a number of business cases for disinvesting from some current activities plus a range of transformational projects designed to either maximise opportunities for growth, increase income or reduce demand. The Council is also exploring ways in which its wholly owned company may produce both financial and wider benefits to the borough. It is taking a pragmatic view and accordingly, the MTFS contains a 'balanced basket' of options to ensure it maintains its resilience in the long-term.

	Action Taken 2018-19
	The medium-term financial strategy was reviewed in 2018/19 in line with the agreed budget setting timetable and requirements set out in Financial Regulations as part of the Council's constitution. A balanced budget for 2019/20 was adopted by Budget Council in March 2019. The Council continues to face a significant financial challenge over the medium term in the region of £30m and Officers have put in place necessary governance arrangements and processes to support the identification and delivery of these. This has seen the introduction of the Corporate Transformation Board made up of members of the Corporate Leadership Team and a refocus of the Transformation and Change service which includes projects and programme management. **This identified issue has now been <u>closed</u> as no governance issues have been identified.**

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.1.2	The outcome of the referendum on EU membership will require the Council to manage a range of risks and opportunities that emerge during the next few years as 'the new settlement' with Europe and others is negotiated by the HM Government.	The Council will ensure that opportunities and risks are identified through the Bexley Business process. The Corporate Governance and Improvement Board will take the lead in coordinating the review of regulation as necessary over the coming years. The financial risks and opportunities will be managed through the Medium Term Financial planning and budget setting cycle including consideration of any potential EU funding clawback.
	Action Taken 2018-19	
	As part of the business continuity refresh that took place in the Autumn of 2018, Managers specifically considered the impact of Brexit on their services. These plans will continue to be reviewed while the United Kingdoms position is confirmed. **Brexit does not present any governance issues at this time and therefore this item will be <u>closed</u> and needs to be considered as part of the Council's risk management review.**	

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.1.3	2018-19 will see significant changes to the funding of services for pupils with special educational needs (SEN). Under Government proposals, the Council will lose the flexibility to transfer funding from schools to support SEN costs. In addition, a new national formula for SEN funding will be introduced which (based on indicative figures) will see Bexley on a protected “cash floor” and therefore with no prospect of an increase in SEN funding for the foreseeable future. Since recent years have seen demographic growth in demand for SEN services of around 3% (equivalent to £1m each year) there is a significant risk that future years' funding allocations will be insufficient to cover the costs of the services the Council will be required to provide.	The Council has been working in recent years to ensure best possible use of limited funds through increasing local SEN provision and reducing reliance on expensive out of borough and independent sector providers. This was reflected in the 2017-18 budget which showed a slight increase in the overall planned expenditure but a reduction in external spend. In addition, a group including officers and members has been reviewing the strategy for SEN and supporting a review of existing SEN provision. These reviews take account of opportunities for re-provision through the SEN capital grant allocations made available by Government.
	Action Taken 2018-19	
	After lengthy engagement and consultation with Schools Forum from October 2018 – January 2019 the Forum agreed an increased contribution from Schools Block to the High Needs budget in 2019-20 of the maximum 0.5% allowable under regulations (£0.9m). The Council's Capital Programme now includes provision for investment in the new Cleeve Park development (with support from external funding). The Council has been successful in its bid to the DfE for a further new, 90 place special free school. This will be a secondary / post-16 school with an innovative provision catering for young people with SEMH and / or high-level functioning ASD. Such a school will address one of the remaining gaps in local provision which currently regularly results in out of borough placement. Lead members have been engaged in lobbying on SEN funding issues likely to have contributed towards a DfE decision to move additional funds into High Needs allocations for 2019-20, benefiting Bexley by around £0.6m compared to what would otherwise have been the case. Continuing action to mitigate against rising demand and associated costs as reported to Schools Forum: - Consideration of further de-commissioning of local places which are not regularly fully utilised; - Council investment of £120,000 in early intervention to support schools' responsibility for SEN support, addressing needs at an earlier stage, and potentially reducing the growth in requests for assessments and issuing of EHC plans;	

	- A new approach to funding of college top-ups, assuming that banded funding will not increase compared to the level that applied in KS4, and with values of bands pro-rata'd on the assumption that college placements will not be full-time, unless evidence is provided to the contrary; - Review and additional scrutiny of the panel process; - Potentially, review of existing plans for those who have already received a number of years of further education to assess whether there remain educational outcomes to be achieved or, if not, whether the plan should cease before the age of 25. **This does not present any governance issues at this time and therefore this item will be <u>closed</u> and needs to be considered as part of the Councils risk management review.**

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.1.4	Adult Social Care (ASC) faces significant challenges with an aging population, reduced funding, social care market stability and could benefit from improved integration with health services. Pressures on ASC services have been widely reported in the national news and Bexley is facing the same pressures. ASC is demand led and with an aging population comes longer and sometimes more complex care needs. Added to this the council has been facing year on year cuts in central government funding resulting in savings strategy of £5.7m in 2017/18. The capacity of the care services market has not always kept pace in responding to the increasing demand along with rising costs of the national living wage (NLW). Furthermore, the transitions from children's to adult social care have not always been centred around the individual and delays in the transitions have knock on financial and social costs.	LBB is introducing more person-centred outcome strategies to help individuals maintain their independence for longer. Additionally, investment in early intervention and prevention strategies is aiming to reduce the demand for longer term services. The announcement in the March 2017 budget has resulted in a total of £7.5m one-off additional resources to help pay for ASC, health integration transitions and to help support the local care market. A much improved offer to the homecare market will help improve sustainability and drive up quality. The additional money amounts to £2.6m for 2018/19 and its use has been agreed through the existing Better Care Fund arrangements. Additionally, a further one off adult social care grant of £580k has been awarded by DCLG for 2018/19. The council has agreed growth budgets of £0.6m for demographic and £1.471m to assist with the NLW in 2018/19. The £5.149m savings targets agreed in setting the budget for 2018/19 will still need to be met and these will be monitored and reassessed on a monthly basis. The council has entered into an Integrated Care Partnership with local NHS and voluntary sector

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<tr><td></td><td></td><td>partners. Additionally, the Council has formed a collaborative partnership – Bexley Care - with Oxleas NHS Foundation Trust to provide integrated adult social care and community and mental health. This closer working relationship with a single senior management structure will help reduce duplications and create more efficient patient/client pathways. However, the working practices and efficiencies will need to be reviewed and refined to ensure long term benefits ensue.</td></tr>
<tr><td></td><td colspan="2">Action Taken 2018-19</td></tr>
<tr><td></td><td colspan="2">
• Additional investment has been made into adult social care budgets to reflect the demographic challenges
• The 19/20 savings programme, though challenging, has been produced through a more rigorous evidence-based approach with robust programme management to assure delivery
• Risk share arrangements with Oxleas NHS Foundation Trust with regard to the integrated service Bexley Care has been refined to better reflect relative risks
• Where adult social care works in collaboration with the wider NHS, risks are shared across the system, e.g. hospital discharge arrangements
• Funding has been earmarked for ongoing development of prevention services to defer or obviate the need for long term care
• Transitions management is significantly improved with much better transition planning
• Budget monitoring has been improved with focused fortnightly finance/ops budget meeting.
• There are still improvements to be made with regard to: -
    o Regular production of standard performance and management information
    o Timely budget management reports and utility of Collaborative Planning tool
Need to review formal arrangements for governance of Bexley Care.

This does not present any governance issues at this time and therefore this item will be <u>closed.</u>
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6.2 Significant Governance Concerns 2017/18 – On going

The following concerns included in the 2017/18 AGS have been reviewed and are considered on going.

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.2.1	The Council has entered into a joint committee arrangement with LB Havering and LB Newham under the oneSource banner to share finance, assurance and exchequer services. It is intended that this should add greater resilience to the service, while also supporting the wider transformation and modernisation of the finance function. These arrangements are continually refined to meet Bexley's specific requirements. It remains important that the transition is effectively managed to ensure that we meet our statutory obligations and fully realise the benefits from sharing services.	The Council has representation on the joint committee through the Cabinet Member for Finance and Corporate Services. The joint committee oversees the strategic direction of oneSource on behalf of the partner boroughs. The s151 officers meet with the OneSource Managing Director and Director of Finance and Corporate Services monthly at the s151s Forum to ensure the control environment is in place and needs are being met within the cost envelope available. The oneSource Finance Management Team are responsible for allocating resources to ensure our statutory obligations are being met and that we are operating a robust financial control environment and supporting services appropriately.
	Action Taken 2018-19	
	The oneSource arrangement was reviewed in 2018/19 across the shared service and it was agreed by the Joint Committee that the service would re-focus on being a shared service to the three Councils at its core. A number of changes in personnel have taken place during the 2017/18 financial year within the services that are provided to Bexley as well as within the wider oneSource Management Team. The Bexley Service Development Plan which was put in place during the summer of 2018 has not been delivered as planned which has resulted in service quality and outcomes not being as expected or met. The shared service is not providing a sharing of processes/procedures, personnel or systems as envisaged which is leading to inefficiencies and this needs to be considered and developed in 2019/20. **The <u>ongoing</u> review of effectiveness, economy and efficiency of the shared service needs to be continued to be monitored and remains a governance issue for the Council**.	

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.2.2	The Council Growth strategy adopted at Public Cabinet on 12 December 2017 which–will shape the Borough with the potential for over 31.5k new homes and 17.5k new jobs by 2050. Through the Housing Zone and other initiatives, we aim to ensure that our borough grows sustainably by planning and securing funding for the right infrastructure, housing quality and tenure mix, jobs and skills to support a growing population. Without this approach, we expect to have far greater challenges to face in meeting the pressures of accelerating demographic change.	The Growth Strategy has been developed in full consultation with the community (residents, businesses and other partners), with Members and in partnership with the London Mayor, GLA and TfL, to ensure broad understanding and ownership. . The Council has now also published its 'Reg 18 document which is essentially a draft of the policies and new site allocations it is proposing as part of a new Local Plan. This work, underpinned by a robust evidence base, should enable a sustainable and deliverable proposition to be approved at the eventual Examination in Public. The Council has established a Development and Investment Company to help deliver elements of the Growth Strategy and generate a financial return for the Council. This is a wholly Council owned Company, by shares. The Company is governed by the Companies Act 2006, with the Articles of Association being adopted by the Council by Special Resolution on 4 October 2016 and revised on 29th January 2018 by the Cabinet Committee. A Managing Director is responsible for the operational activities of the Company. This position will be supported through secondment arrangements, by Director of Development and Property with small teams of delivery project managers, commercial and property staff. In addition, BexleyCo will draw on the support and expertise of its Non-Executive Directors and Chairman.
	Action Taken 2018-19	
	The Council's Growth Strategy is in place and was adopted by Public Cabinet in December 2017. The Growth Strategy implementation needs to be monitored and arrangements put in place in 2019/20. BexleyCo as the council's subsidiary is one delivery vehicle to support the strategy, however it is not the only one. The company had its revised business plan approved by Cabinet Committee in November 2018 and the focus is on delivery of housing with some elements of commercial and	

	industrial. The governance arrangements for BexleyCo need to be reviewed further following change in personnel within the company and personnel to ensure that monitoring is open and transparent. **This continues to be a governance issue which needs to be addressed in 2019/20.**

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.2.3	The number of households accepted as homeless by local authorities and the number of households in temporary accommodation (TA) continues to increase in England. The homelessness position in Bexley reflects a similar trend and there are currently nearly 1400 households who are in TA in Bexley. Following the introduction of the Homelessness Reduction Act in April 2018 there has been a significant increase in clients approaching the housing service. It is expected that the numbers approaching in 2018/19 will be 2,000, compared to 1100 in 2017/18. The Council's Prevention and Assessment teams have worked hard to prevent homelessness and ensure that only people who are in priority need are accepted and therefore owed a duty to be housed. Therefore, despite the significant increase in approaches, homeless acceptances in 2018/19 of 30/month are lower compared to the previous 4 year average of 32/month. A significant decline in the supply of social rented housing has contributed to the increase use of TA. The supply of permanent lettings available has halved in the last four years, meaning there is less affordable accommodation for people in TA to move on to. The increase in the numbers of	Council officers have active a broadly based response to this complex spectrum of Housing and Homelessness pressures. This includes: - • The adopted Growth Strategy which seeks to secure the opportunity of a very significant number of new build housing in Bexley over time. This will provide the main strategic framework for achieving more housing of all forms of tenure – including affordable Housing in the years ahead. • We have launched a *'Rent it Right'* cash incentive scheme targeted at landlords. Landlords can benefit from cash payments of up to £8,000 in return for renting their property to us at Local Housing Allowance levels, so we can increase our supply of affordable private rented sector accommodation to help homeless households. • We are participating in' *Capital Letters*' a local authority company being established with 14 other London Boroughs to increase the supply of affordable private rented accommodation, supported by £38 m of MHCLG funding • £62m has been invested in a property purchase scheme with over 200 properties purchased to reduce the cost of TA and

	clients in temporary accommodation is a result of the in-balance between the level of homeless acceptances and the shortage of social housing. The strategy for dealing with the issue looks to; • reduce the level of homeless acceptances, mainly through the housing early support model • Reduce the cost of temporary accommodation, mainly through increasing the supply of the more cost-effective properties. • Increase the supply of permanent affordable social and private rented accommodation to enable homeless household to move out of temporary accommodation.	increase supply, and an additional £5m funding has been approved to allow this to continue. We are continuing to explore further options and models to deliver increased supply of affordable private rented sector accommodation • A £5.1 off site affordable accommodation grant programme has been agreed to deliver an additional 61 affordable rented units being delivered by Orbit and L&Q during 2018-20 • The number of private sector leased properties providing more affordable TA has increased to 475 properties during 2018/19 • Under new temporary accommodation contract arrangements, a number of properties in use as TA will be converted into private rented properties, increasing supply and allowing people to move on from TA to affordable private sector tenancies. • The prevention and assessment team in housing have been resourced to manage the increased workload and a new online Housing Support Enquiry form brought in to make the application process more streamlined. • Outreach prevention work continues, focusing on families who are evicting non-dependents from their home, people affected by welfare reforms and care leavers. • We have developed close working relationships with the Department for Work and Pensions and Bexleyheath Job Centre to ensure the transition to Universal Credit works well, and residents know

		where they can seek help and support. • We have developed an innovative scheme with a credit union 'Kent Savers' to allow arrears to be paid off to stop possession proceedings as well as the offer of rent in advance and deposits to move to alternative private rented properties. • We have secured over £300k of external lottery funding for a Social Impact Bond (payment by results) model and the project will launch later in 2019 with a focus on single people in TA who have complex needs. • Other ideas being explored include innovative ways to lease properties and how we can work more closely with social care services to provide the best level of support for residents whilst minimising potential costs to the council.
	Action Taken 2018-19	
	This continues to be a governance issue which needs to be considered in 2019/20	

	AGS 17-18 Issue identified	AGS 17-18 Action identified
6.2.4	The General Data Protection Regulation (GDPR) (Regulations (EU) 2016/679) is an EU Regulation that aims to strengthen and unify data protection for all individuals within the European Union (EU). The primary objectives of the GDPR are to give citizens and residents back control of their personal data and to simplify the regulatory environment. The GDPR came into force on the 25 May 2018 and is enshrined in the Data Protection Act 2018, which also came into effect in May 2018.	To assist with both compliance and continuous improvement an annual data protection (implementation) plan has been produced. The Plan consists of three broad strands; structure, awareness, (both internally and externally) and processes which details specific actions related to working practices. The Council has comprehensive procedures and policies, and extensive guidance for managers to meet their obligations.

		The Information Governance Group acts as a Project Team with regular progress reported to the Corporate Leadership Team via the Corporate Governance and Improvement Board. The key challenge going forward is for services to embed good practice into their working practices so that all staff are mindful of their obligations when undertaking their daily duties.
	Action Taken 2018-19	
	To enable compliance with the GDPR, and Data Protection Act 2018 a permanent resource has been established to manage the annual data protection (implementation) plan. The Plan consists of three broad strands; structure, awareness, (both internally and externally) and processes which details specific actions related to working practices. The Information Governance Group acts as a Project Team with regular progress reported to the Corporate Leadership Team via the Corporate Governance and Improvement Board. **This continues to be a governance issue which needs to be considered in 2019/20**	

6.3 Significant Governance Concerns 2018/19

The following concerns have identified for inclusion in 2018/19 AGS

	AGS 18-19 Issue identified	AGS 18-19 Action identified
6.3.1	<u>Performance and Finance Monitoring</u> As set out within the body of the statement, the Council has identified during 2018/19 the need to enhance or introduce further performance monitoring arrangements to the Corporate Leadership Team as well as Members. This includes, but is not limited to, finance, performance/ activity, human resources and risk management. Timely, accurate and meaningful information needs to be provided to allow timely and informed decisions to be made to ensure deliverability of the Corporate Plan within available resources. The Corporate Leadership Team have agreed a revised approach which will be put in place during 2019/20	Reporting will be made monthly to the Corporate Leadership Team and following review at Leader's Briefing it is proposed this will be published to all Members. On a quarterly basis the report will be presented to Public Cabinet and if required/requested Overview and Scrutiny Committee. The information reported needs to be timely and a golden thread embedded to ensure that management information reported to managers within the Council is consistent with that provided to Members and the Public. The new process will start with month one and will be developed and enhanced during the year.

	AGS 18-19 Issue identified	AGS 18-19 Action identified
6.3.2	<u>Information Governance</u> There have been a number of breaches arising from working practices with on average one recorded incident a week with two reported to the Information Commissioner's Office (ICO) which resulted in the issuing of decision notices. No sanctions have been applied by the ICO in relation to breaches. During the forthcoming year the Council will have a clear focus on enhancing its working practices to ensure that its staff meets best practice standards in line with legislative requirements and the expectations of partners and residents.	During the year our information governance framework has been strengthened to include further guidance and procedures to enhance the safeguarding of personal data. Extensive best practice examples for managers and guidance material have been produced. There has been a continued emphasis on raising awareness of information governance issues at Directorate Leadership Team meetings, heads of service briefings and Corporate Leadership Team. Articles have been included in the Core Brief. Members have been supported with training as part of their induction and by the development of appropriate templates to support them in their

		roles.
	AGS 18-19 Issue identified	**AGS 18-19 Action identified**
6.3.3	Health & Safety The Council has adopted the management system knows as OHSAS 18001 in relation to its management of health and safety. The Corporate Health and Safety Team provides a range of support, guidance and advice to all services to ensure that key legislative requirements are met and that health and safety risks are managed. Training is provided on line, advice and templates shared on the Council's intranet and reporting managed through the My View system. The annual report to the Corporate Leadership Team has highlighted a number of key issues that must be addressed to ensure that our governance of health and safety matters is sufficiently robust: • Directorate Health and Safety meetings must take place regularly as a means of ensuring that all managers are aware and action the basic requirements for training and risk assessment • The Council's arrangements for premises management, including compliance with legislative requirements relating to fire and other hazards, must be strengthened so that roles and responsibilities are clearer and effectively delivered.	Focussed effort will be required to address these issues in the coming year.

	AGS 18-19 Issue identified	**AGS 18-19 Action identified**
6.3.4	Partnership Governance The Council has in place a number of existing partnerships with third party organisations which are underpinned by a form of governance	Focussed effort will be required to address these issues in the coming year.

	arrangements. As delivery models change these partnership agreements and their associated governance arrangements need to be reviewed and embedded within Council operations. This is particularly relevant for areas such as Adult Social Care given the changing NHS landscape. The Council has in place a legal Section 75 agreement with the Bexley Clinical Commissioning Group and a partnership agreement with Oxleas NHS Trust for Bexley Care. These agreements and governance arrangements need to be reviewed as new operating models commence.	

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: ………...................………………………………………………………
Chief Executive

Date:…………………………………………………………………………….

Signed: ………...................………………………………………………………
Leader of the Council

Date:……………………………………………………………………………..

GLOSSARY OF TERMS

Accounts - A generic term for statements setting out details of income and expenditure or assets and liabilities or both in a structured manner. Accounts may be categorised by the type of transactions they record e.g. revenue accounts, capital accounts or by the purpose they serve e.g. management accounts, final accounts, balance sheets.

Actual - The final amount of expenditure or income which is recorded in the Council's accounts.

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:
(a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or
(b) the actuarial assumptions have changed.

Assets – resources controlled by the Council as a result of past events and from which future economic benefits or service potential is expected to flow to the authority.

Balance Sheet - A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

Budget - A statement of the Council's plans for net revenue and capital expenditure over a specified period of time.

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 Receipts - Proceeds from the sale of fixed assets, repayments of grants or the realisation of certain investments. Capital receipts are available to finance other items of capital expenditure or to repay debt on assets originally financed from loan.

Collection Fund - The fund into which are paid amounts of council tax and non-domestic rates and from which are met demands by this Council and the Greater London Authority and payments to the national non-domestic rates pool.

Community Assets - Assets that the Council intends to hold in perpetuity, that have no determinable finite useful life, and in addition may have restrictions on their disposal, e.g. parks and cemetery land.

Council Tax - A local tax set by councils to help pay for local services. There is one bill per dwelling based on its relative value compared to others in the area. There are discounts, including where only one adult lives in the dwelling. Bills will also be reduced for properties with people on low incomes, for some people with disabilities and some other special cases.

Current Service Cost (Pensions) – The increase in the present value of a defined scheme's liabilities, expected to arise from employee service in the current period.

Deferred Credits - Income still to be received (or applied in the accounts) where deferred payments (or application) have been allowed.

Depreciation - The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.

Events after the Balance Sheet date – those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exit Packages – can include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

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.

Finance Lease – a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

General Fund (GF) - The main revenue fund of the Council from which are made payments to provide services and into which receipts are paid, including the Council's share of council tax.

Heritage Assets – assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for its contribution to knowledge and culture.

Impairment – A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets - Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use, e.g. coast protection works.

Investment Assets – those assets that are held solely to earn rentals or for capital appreciation or both.

Lease – An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Liabilities – present obligations of an authority arising from past events, the settlement of which is expected to result in an outflow from the authority of resources embodying economic benefits or service potential.

Minimum Revenue Provision – A prudent annual provision has to be made for the repayment of debt in accordance with Capital Finance Regulations.

Net Book Value – The amount at which property, plant and equipment are included in the balance sheet i.e. their historical cost or fair value less the cumulative amounts provided for depreciation and impairment.

Net defined liability – also known as the net pension liability.

Net Service Expenditure - Comprises of all expenditure less all income, other than income from council tax and revenue support grant, in respect of a particular service.

Non Current Asset – Any asset which is not easily convertible to cash, or not expected to become cash within the next year.

Non-Domestic Rates - Businesses contribute to local government expenditure on the basis of a uniform rate, decided by the Government, levied on the rateable value of the business premises.

Non Distributed Costs – Overheads for which no user now benefits and should not be apportioned to services. Costs generally included under this heading are those arising from early retirement payments to the pension fund.

Non-specific Grant Income – grant that cannot be attributed to a specific revenue Service (e.g. New Homes Bonus).

Past Service Cost – The increase in the present value of the pension scheme liabilities, related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept - The demand on the collection fund by one authority (e.g. Greater London Authority) which is collected from the council tax payer by another (e.g. Bexley.)

Prior Period Adjustments – Those adjustments applicable to prior years arising from the correction of material errors.

Provisions - Amounts set aside for liabilities of uncertain timing or amount that have been incurred.

Public Works Loans Board - A government agency which provides longer term loans to the public sector at interest rates only slightly higher than those at which the government itself can borrow.

Remuneration – all sums paid to or receivable by an employee and sums due by way of expenses allowances and the money value of any other benefits received other than in cash (excludes employer pension contributions).

Reserves - The general capital and revenue balances of the Council. There are two types of reserves which might be described as either available or not available to finance expenditure. Revenue reserves which result from monies being set aside or surpluses or delayed expenditure can be spent or earmarked at the discretion of the Council (e.g. General Fund). The capital receipts reserve is also available to the extent allowed for by statute. However, other capital reserves are not available to meet expenditure, e.g. the capital adjustment account.

Revenue Expenditure - The day-to-day running costs of services including salaries, running expenses and capital charges.

Revenue Support Grant – A general grant paid by the Government to help finance the cost of local government services.