London Borough of Bexley

FINAL

Statement of Accounts

2023/24

Table of contents

Narrative report

Introduction

Dear Reader,

I am pleased to present the statement of accounts for the London Borough of Bexley for the financial year 2023/24.

My narrative report includes the financial statements with an overall explanation of the Council's financial position during 2023/24 and commentary on the medium-term picture. It also includes information about the operation of the Council and the major influences affecting the accounts. In addition, it includes information on service and financial performance over the financial year ending 31 March 2024. All this information is given with the aim of providing stakeholders and interested parties assurance as to the Council's financial standing and the care taken to account for public money.

Performance overview 2023/24

Bexley is all about its residents – who make the borough so enterprising, diverse and full of character. Our 250,000 residents are proud of their well-located and green borough, and the council is ambitious for them, working to grow the borough for the benefit of residents today and into the future.

A new corporate strategy was adopted in 2022/23 – our Bexley Plan 'Making Bexley Even Better'. This plan is how we share our vision for Bexley and our commitments to residents in delivering that vision. The Bexley Plan is linked to our Medium-Term Financial Strategy (which explains how we will resource and fund the vision and commitments). You can find out more about our Bexley Plan here www.bexley.gov.uk/bexleyplan

In our new Bexley Plan we have three priorities and 15 outcomes:

Priority theme 1: Aspiration for our residents

Outcome 1 – Children and young people have the best start in life
Outcome 2 – Good schools and achievement for all our pupils
Outcome 3 – Lifelong learning helps people reach their potential and access good jobs
Outcome 4 – Happy, healthy and resilient lives
Outcome 5 – Your life, your choice – working together towards the life you want

Priority theme 2: Ambition for our Borough

Outcome 6 – Good growth supported by better transport
Outcome 7 – Cleaner and greener borough
Outcome 8 – Local jobs and businesses in a thriving local economy
Outcome 9 – People and communities feel safe and inclusive
Outcome 10 – Quality, affordable homes for every stage of life

Priority theme 3: An Efficient and Effective Council

Outcome 11 – Lobbying for Bexley and on the side of our residents
Outcome 12 – Taxpayers' money is spent wisely and well
Outcome 13 – Customers at the heart of what we do
Outcome 14 – Rigorous procurement and contract management to get the best services
Outcome 15 – Attract, retain and develop an efficient, diverse and inclusive workforce

Our approach to delivering our 'Bexley Plan'

We have a two-fold approach to ensuring we deliver our Bexley Plan.

Our Bexley Plan now includes an action plan, and we monitor delivery of the projects and activity within it to make sure we remain focused on our priorities. Each year of activity is part of our bigger vision for Bexley, and each year we make further progress towards making Bexley even better. This was our second year delivering against a four-year plan.

We also continue to monitor an agreed set of performance indicators that relate to our Bexley Plan outcomes. In 2023/24 we monitored over 110 of these corporate performance indicators. Some of the performance indicators are only the responsibility of the Council but many of them are shared and achieved in partnership with colleagues across the public and voluntary sector.

We share and update our performance and achievements regularly at Public Cabinet, as it's important to be open about how we're doing. We provide numerical data and written explanations to make the information clear and accessible. We are a learning organisation, and our performance this year helps us plan and adapt for next year and future years, supporting the council to agree evidenced ways to improve performance.

It is important to understand and show the link between our performance, our resources and our financial outturn so that we are open about any risks or challenges in achieving our vision and commitments. We produce an integrated performance report to make sure that our performance indicators help us manage risk, manage our finances, and provide good governance.

Our overall performance in 2023/24

We've achieved a great deal this year, in a difficult context, as inflation has continued to increase our costs and cost of living pressures have continued to increase the levels of need for some residents. Some of our performance indicators aren't meeting the target we aimed for, but we are often performing well compared with other authorities. Key examples of which are detailed below by Bexley Plan priority.

Priority theme 1: Aspiration for our residents

We were proud to gain an Outstanding Ofsted report of our Children's Social Care Services in May 2023, making us only the second local authority in the country to have achieved two successive findings of 'Outstanding' under the current Ofsted framework.

This year we've seen an 11% reduction in referrals to our Children's Social Care this year and the rate of Children in Need and children with child protection plans have also reduced, the latter by 22%.

Our Staying Together team won funding this year to develop their parent conflict support programmes and continued their fantastic work to keep families together. 81% of families referred were able to stay together with the support of the team. While our Fostering Service expanded our Fostering Together support programme, creating networks of support between children and carers and establishing support communities throughout the borough. We also recruited a further 25 foster carers against a target of 20. We are also delighted to see the launch of our Bexley Carers Advisory Partnership, providing joint planning with our foster carers to further develop our service.

Unfortunately, despite our efforts, we saw a significant rise (to 19%) in the proportion of Children in Care placed in residential placements this year. We're still lower than the average figure for London last year, but higher than anticipated and this impacts children's outcomes and our budget. In addition, fewer of our care leavers are in education, employment or training this year (down to 67%), so we remain focused on supporting these young people. We've published a new protocol to provide clear housing pathways for young people and arranged a variety of taster sessions and experience days with universities and employers to help our young people understand their options for the future. We are committed to see our care experienced young people thrive as they move to adulthood and independence.

Education is vital and we strive to provide all pupils with the support they need to achieve their full potential. A-level grades returned to pre-Covid standards last summer and many of our schools improved their Ofsted ratings so more of our pupils now attend good or better schools. 97% of nurseries in Bexley were rated good or outstanding too and more people accessed the 2-year old childcare offer this year which helps children get a great start to school and parents get back to work. 99% of Bexley children were offered one of their top 3 preferences of Primary School and 96% of children got a place at a secondary school of their choice.

Despite the disappointing outcome of the recent inspection of our services for children and young people who have Special Educational Needs and Disabilities (SEND) across the local area, we were pleased that some areas of our work received positive feedback, including the impact of our multi-agency early intervention team and the academic achievements of our SEND pupils. We continue to improve our support for our young people with Special Educational Needs, through the early intervention work we are delivering as part of our Safety Valve Programme, the expansion of Shenstone Specialist School to an all through School and the new specialist provision at Parkway School both of which increase the number of local specialist school places so that our pupils can be educated within their local community. We are also pleased to report that the new business plan for the Learning & Education College, our Adult Education facility, was finalised. Enrolment at the College increased 14% this year as we continue to prioritise the high quality of education at all stages of life.

The rate of young people in custody improved this year, dropping to 0 and the reoffending rate also dropped – to just 0.15. Crime figures have not been available from the Police in recent weeks. However, we have seen a concerning increase in repeat incidents of domestic abuse.

This year, we launched Bexley's Joint Local Health and Wellbeing Strategy, setting four key priorities. We also worked with our residents and partners to create a new vision for Adult Social Care called "Your life, your choice – working together towards the life you want". Taking account of local health needs, we are using our three multi-agency Local Care Networks to deliver localised integrated care to meet our residents' needs and tackle health inequalities.

Against a backdrop of high levels of demand, we have worked collaboratively across health and social care to relieve pressures on the NHS, helping to prevent admissions to hospital, facilitating safe transfers of care and arranging support to meet people's care needs. We have successfully delivered our 'home first' approach during the year, which has given people the chance to continue their lives at home following a hospital stay, wherever possible. We have been working with a range of partners to support the care needs of our residents, such as OneBexley, a local consortium of charities, which gives people a better experience of the care and support system. Working with the Carer's Partnership, we have improved our support for informal carers so they can maintain a good quality of life while caring.

The proportion of people who report having control over their daily life has increased in 2023/24 to 77%. There has been a small increase in the proportion of clients completing reablement with a reduction in their level of need, increasing to 84% in 2023/24.

We worked with our partners to ensure the Government funded the Community Diagnostic Centre at Queen Mary's Hospital in Sidcup. This new centre will cut travel and waiting times for our residents and help them get the treatment they need faster.

Our free Bexley Stop Smoking Service helped 224 people to successfully quit smoking, the single most effective thing a person can do to improve their health. School Superzones worked with eight primary schools in Thamesmead and Slade Green to help create healthy environments around the school.

Priority theme 2: Ambition for our borough

The adoption of the Local Plan in April 2023 positively plans for sustainable development within the borough including measures to address climate change. Also, it means that open spaces and waterways are protected, enhanced, restored and promoted. Furthermore, all future developments must support the delivery of a high quality, well connected and sustainable network of open space.

The Sidcup Storyteller, a new venue with a 3-screen cinema, bar, coffee shop, live performance space and community hub, as well as the home of Sidcup Library, opened on the old Blockbuster Video site. The community space has been shortlisted for a Pineapple award in recognition of its contribution to the renewal of an area and its positive impact on a local community. We saw a 19% increase in the number of physical library visits across the borough this year and a 10% rise in use of our leisure centres for sport and physical activity.

Our determination to protect our environment and to take action against climate change is demonstrated by our new dry recycling haulage and processing contract which commenced on 1st September 2023. This contract save £0.5 million a year, as well as reducing the carbon footprint by processing recycling locally.

We have seen a small increase in the recycling rate and a reduction in residual household waste and food waste. Achievements include increased engagement with schools, the approval of a Reuse and Recycling Plan, a free textile collective service for residents, and our promotion of food waste reduction apps in collaboration with Relondon, Kitche and Olio. We were gratified to win the Public Sector Campaign of the Year in recognition of this great work.

We were also pleased to see that Lesnes Abbey Woods has been officially recognised as one of the country's best parks with a Green Flag Award. We continue to work hard to preserve and improve the green spaces in the borough. We agreed £0.2 million of capital funding for 446 new litter bins. Our waste collection service has seen significant improvement this year with missed collections reducing by over 50%. We also were pleased to cut fly-tipping in Bexley by almost one-third last year, one of the biggest reductions in London.

We've dealt with 100% of major planning applications within timescales for 2 years running and have exceeded statutory requirements. We have seen a number of important planning applications through to decision, including a 1,250 dwelling scheme in Belvedere and several BexleyCo applications, securing much needed housing in borough. Planning Enforcement have resolved several breaches of planning control, notably obtaining a High Court Injunction which requires 18 months monitoring in apprehending serious breaches of planning control at a problem site within the Metropolitan Green Belt.

We have seen a net reduction of 72 households in emergency accomodation since April 2023 and prevented 669 households from homelessness – a 90% increase on the previous year. We have also worked with partners to expand Bexley's housing and agreed a Local Lettings Plan to target under-occupiers.

The economic climate has impacted our Employment Service. 545 people were moved into new jobs in 2023/24, which was a reduction on the previous year, and the percentage of people in sustained employment also decreased 55%.

Priority theme 3: An Efficient and Effective Council

We have maintained a strict review of our financial strategies and spending, making sure that we receive the funds due to us, spend taxpayers' money wisely and maximise our value for money in the services we provide. We've continued to focus on efficiency and transformation opportunities and have also established the Economy, Efficiency & Effectiveness (3Es) Board and a Spend Panel to closely monitor our budget spend.

The collection rates for council tax and business rates both improved slightly this year – a welcome recovery following the pandemic and despite ongoing cost of living pressures, the percentage of households in Temporary & Emergency Accommodation in rent arrears has decreased by 7% this year. There's been an increase in the number of Penalty Charge Notices (PCNs) issued by both Civil Enforcement Officers and CCTV, but a slight decrease in the percentage of PCNs paid (to 69%).

We were proud this year of the support we have been able to provide for residents struggling with the increased cost of living. The Household Support Fund has been a crucial element of that and we were pleased to distribute £3 million in this fund. The support was used to provide supermarket vouchers, support for carers, support for housing costs, and domestic abuse services, amongst others. We supported over 1,200 children during the Easter holidays on the Funded Holiday Activities and Food programme and provided over 8,400 free school meal vouchers to children in the borough.

However, despite the work we've done to improve efficiency, there's still great pressure on our budget. The Council, along with all Local Authorities, has faced continued financial pressures: the road to recovery following the pandemic was further impacted by global inflationary pressures, which pushed UK inflation to levels not seen in a generation and impacted contract inflation for our services.

There has also been continued uncertainty surrounding the future of local government funding, making it difficult to forecast and plan for the medium and long term. We've experienced additional spending pressures in Children's and Adults' Social Care, waste collection, parking and cemeteries and crematorium services. We therefore reported an overspend of £8.644m in 2023/24, so we know we must continue our 3Es work and do more in coming years.

We are lobbying the Government on these matters but meanwhile, we set our budget to respond to these financial challenges, while delivering the quality services our residents need and rely upon.

Despite these challenges, we are proud of our achievements. We continue to reduce our carbon footprint and energy costs as part of wider work and commitments in our Climate Change Action Plan. We campaigned hard against the expansion of ULEZ into Bexley, and although ulitmately unsuccessful in our efforts to overturn it, we were pleased that the pressure we put on TfL resulted in a better deal for residents with the expansion of the Scrappage Scheme.

We published a refreshed Equality, Diversity and Inclusion Policy. This is an integral part of our wider vision to make Bexley even better, helping to enable everyone in Bexley to reach their full potential and benefit from everything Bexley has to offer, with a thriving economy and cohesive and strong communities.

We have also launched a new Customer Experience strategy focused on improving and enhancing the relationship between residents and the Council and we are currently developing a People Strategy to help us achieve our organisational objectives.

2023/24: A Financial Overview

The Budget and Council Tax for 2023/24 was set by Full Council in March 2023 in the context of the Council's Medium Term Financial Strategy covering the period 2023/24 to 2026/27. The budget set out the detailed financial plans for the Council in its Revenue and Capital budgets for the financial year.

The Council has faced continued financial pressures during the year. The road to recovery following the pandemic was further impacted by global inflationary pressures, which pushed UK inflation to levels not seen in a generation. Inflation stood at 10.10% in March 2023, reducing to 3.20% in March 2024. The high rate of inflation was driven by:

• Higher energy prices – Russia's invasion of Ukraine has led to more large increases in the price of gas. The price of gas doubled and while no longer near the extreme highs seen in late 2022 and early 2023, they are still high and unaffordable for many;

• Demand and supply – Increased inflation has led to businesses charging more for their products. This led to higher prices – particularly goods imported from abroad; and

• Employment – There are more job vacancies than there are people to fill them,. This means that employers are having to offer higher wages to attract job applicants.

There have been additional pressures in children's and adult social care, waste collection services, Parking and cemeteries and crematorium.

In addition to the global economy, uncertainty surrounding the future of local government funding, the impact of the reforms to business rates and long-term sustainable funding for adult social care continue to have an effect on our medium-term financial planning. We are lobbying the Government on these matters and make frequent representations to Ministers as we seek to influence future decision-making.

The Council also faces financial pressures from contract inflation and the challenges posed by the changing needs of our residents and growth in some demand-led key frontline services. The Council set its budget in order to respond to these financial challenges while delivering the quality services our residents need and rely upon. The afore mentioned global economic situation is only adding to these financial pressures.

The focus of the Council in order to deliver a balanced budget has continued to be on efficiency and transformation opportunities in order to ensure we deliver the services local people need and ensure the safety of our vulnerable residents.

In 2023/24 the Council had a General Fund Budget of £207.197m. The Council Tax requirement for the borough was £133.299m. An adjustment was made to account for the third year of smoothing the Collection Fund deficit that arose in 2020/21, as permitted by Government legislation. The remaining income coming from government grants and Non-Domestic Rates. Additional funding of £3.887m was included in the budget to support growth. However, funding requirements over and above this have occurred in the 2023/24 year, resulting in the final General Fund outturn of £215.841m, which is an overspend of £8.644m.

Group Accounts

The Council is required to produce group accounts if the council has a controlling interest over any other company or entity. This is the third year the council has produced group accounts to include BexleyCo Ltd.

BexleyCo has been established with the intention being that it is used as a vehicle to drive development in the borough while generating a profit in the long-term that is planned to be ploughed 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.

BexleyCo's ten-year target is to:

• deliver 1,200 new homes for sale, affordable and market rent to local people with the ambition to increase to provide more new homes;

• support the local economy through jobs, training opportunities and both direct and indirect investment;

• stimulate good growth and regeneration through an exemplar approach to the design, marketing, sale and management of our new homes;

• generate significant financial returns for our Shareholders thereby helping to alleviate growing budgetary pressures; and

• facilitate new communities that are socially successful and sustainable over the long term through design, construction, sales, marketing and estate management strategies.

Revenue outturn

The Statement of Accounts sets out the Council's spending and financing in line with accounting and statutory requirements.

The table below provides a summary of the outturn position by Directorate. This leaves a net outturn position for service budgets of a £17.520m overspend. Once corporate budgets and funding have been taken into account, there is a resulting overspend of £8.644m. The overspend has been funded from the Financial Planning reserve.

Directorate	Net budget £'m	Outturn £'m	Total variation £'m
Adult Social Care and Public Health	68.594	71.588	2.994
Chief Executive's Office	4.249	4.243	(0.006)
Children and Education	44.675	58.032	13.357
Finance and Corporate Services	27.421	27.934	0.513
Place	44.842	45.504	0.662
Total Directorate	**189.781**	**207.301**	**17.520**
Corporately held budgets	17.416	11.545	(5.871)
Total corporate funding	(207.197)	(210.202)	(3.005)
Total Corporate	**(189.781)**	**(198.657)**	**(8.876)**
TOTAL	**-**	**8.644**	**8.644**

The financial pressures of 2023/24 were mainly due to high interest rates and inflation, the cost of living crisis, demand and the complexity of needs impacting social care services.

The main overspends within Adult Social Care related to third party spend on care packages, pressures in demand, demography and care complexity.

Children's services reported major variations throughout the year for looked after children, primarily increasing unit costs for residential placements and additional demand for SEN transport. There was a need for additional staffing to respond to the increase in demand, resulting in significant overspends.

The 2023/24 year continued to see changing patterns of expenditure and income within Adult Social Care. As with 2022/23, there was additional expenditure on community-based and older people care home services with both numbers and unit costs increasing. There were also increases in the unit costs for Residential and Nursing and direct payments.

The Housing Service was successfully able to mitigate the demand pressures on temporary accommodation in 2023/24 through rigorous management of the service and utilising the Private Rented Sector and other suitable alternatives. However, properties for Private Rented Sector discharge are becoming increasingly difficult, time consuming and expensive to secure as the cost of dealing with the challenge has increased. This will be particularly difficult to maintain going forward due to the changing market conditions, the Home Office programme for decanting from London hotels and the Department of Defence accommodating Afghan refugees.

Parking service income continued to be impacted due to changing patterns of behaviour.

Planning and Regulation Services and Building Control income continue to decline as a result of the fall in applications and use of agency staff.

Capital outturn

During the year, the Council's capital outlay was £18.574m against a revised budget of £25.406m, with an aggregate slippage of £6.832m. A robust review will also take place to ensure that all schemes are required in future years.

Directorate	2023/24 Revised Budget £'m	Addition/ (deletions) £'m	(Slippage)/ accelerated spend £'m	2023/24 Outturn £'m	Variance to Revised Budget £'m	Variance to Revised Budget %
Adult Social Care and Public Health	1.023	(0.006)	0.034	**1.051**	0.028	3%
Children and Education	4.681	-	(2.137)	**2.544**	(2.137)	(46%)
Finance and Corporate Services	2.686	(0.055)	(0.727)	**1.904**	(0.782)	(29%)
Place	17.016	(0.369)	(3.572)	**13.075**	(3.941)	(23%)
Total Capital Expenditure	**25.406**	**(0.430)**	**(6.402)**	**18.574**	**(6.832)**	**(27%)**

The variances from budget relate primarily to the profiling of expenditure as opposed to the cancelling of projects, the most significant of which were the schools SEN schemes, and Erith and Sidcup regeneration projects.

Bexley's balance sheet

The Council maintained a strong balance sheet, with £871.896m of Long Term Assets as at 31 March 2024, Current Assets of £107.565m, Current Liabilities of £64.122m, and Long Term Liabilities of £257.883m. Furthermore, the Council has usable reserves of £86.384m.

31-Mar-23 £'000		31-Mar-24 £'000
990,811	Long Term Assets	871,896
109,067	Current Assets	107,565
(75,745)	Current Liabilities	(64,122)
(259,013)	Long Term Liabilities	(257,883)
765,120	**Net Assets**	**657,456**
(76,740)	Usable Reserves	(86,384)
(688,380)	Unusable Reserves	(571,072)
(765,120)	**Total Reserves**	**(657,456)**

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 circa £14m. This level is required to ensure there are sufficient resources for both working capital and to cover emergency expenditure.

Levels	31/03/2022 £'m	Movement £'m	31/03/2023 £'m	Movement £'m	31/03/2024 £'m
Earmarked Reserves	(59.825)	6.949	(52.876)	6.064	(46.812)
General Fund	(14.359)	(0.001)	(14.360)	-	(14.360)
General Fund Reserves	**(74.184)**	**6.948**	**(67.236)**	**6.064**	**(61.172)**

Borrowing and capital financing

The Council currently has £223.931m of borrowing outstanding as at 31 March 2024.

There has been no external short term borrowing necessary for this financial year.

The Capital Programme for 2023/24 to 2026/27 was agreed by the Council in March 2023. This outlined the capital expenditure planned for 2023/24 and the borrowing requirement of £25.936m, however, only £8.288m was required in the end.

Collection Rates for Council Tax and Business Rates

The net collection of Council Tax for the year to 31 March 2024 was 95.35% of the £172.666m collectable, leaving £8.037m to be recovered.

The net collection for Business Rates at the end of March 2024/period 12 is 97.23% of the £85.416m collectable, leaving £2.366m of debt to be recovered.

Council Tax funds services both the London Borough of Bexley and the Greater London Authority (GLA), the split of the Council Tax income and Debt is 79:21. Income from Business Rates are shared between the London Borough of Bexley, GLA and the Department of Levelling Up, Homes and Communities in a ratio of 30:37:33.

Non-Current Asset Revaluation

The Council appointed Wilkes Head & Eve to carry out a rolling valuation programme of a proportion of the Council's assets in 2023/24. The impact of these valuations is reported within the notes to the accounts.

Significant Changes in Accounting Policies

The accounts for 2023/24 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the local authority.

The Code sets out the proper accounting practices required by Section 21(2) of the Local Government Act 2003. These proper practices apply to the Statement of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015.

The 2023/24 Code incorporates required accounting standard amendments, although there were no material impacts on the Council in 2023/24 as a result of the amendments.

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 2024, the Budget Gap was £39.498m, with the biggest pressure on 2027/28 as shown below.

Budget Gap	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m
February 2024 – Budget Gap	-	26.706	35.054	39.498

Economic Climate

The Council continues to face increasing pressures relating to domestic economic factors, such as supply chains and the ongoing war in the Ukraine resulting in higher energy prices, all fuelling inflation. In March 2023, inflation was 10.10%. This reduced to 3.20% by March 2024 and, as of May 2024, was 2.00%. Inflation is expected to go back up to around 2.50% towards the end of the year, before falling again. Similarly, interest rates continued to rise, reaching a high of 5.25% in August 2023, where it has remained, although it is expected to reduce by the year end.

There are also further pressures on the Council, primarily its ability to recruit and retain staff, increasing levels of demand and cost, specifically for Adult and Children Social Care and SEN Transport. But also pressures on other demand led services such as housing, parking and waste services. The cumulative impact on the cost of living for residents and businesses also impacts on discretionary spend, debt collection rates, safeguarding and homelessness.

Whilst the Council's un-ringfenced General Fund reserve would have some capacity to absorb some of the financial impact, a robust financial plan is required to ensure the sustainability of the council's finances is maintained.

Officers will be reviewing the Medium Term Financial Strategy, taking into account the 2023/24 final outturn and the financial impact of the UK and global economic situation. The Council has always used cashflow forecasting to assist with treasury management decisions, however it has gained greater significance as unplanned expenditure has been required to deal with the emerging situation. Cashflow is being closely monitored to ensure sufficient funds are available for daily requirements, to this end the Council is using the resources of City of Westminster Treasury Team who have a wealth of experience managing cash and investments.

Caroline Holland
Interim Director of Finance and Corporate Services, London Borough of Bexley
Date: 27 February 2025

Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council 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 and Corporate Services

• to manage its affairs in order to generate an economic, efficient and effective use of resources and to safeguard its assets; and

The Responsibilities of the Director of Finance & Corporate Services

The Director of Finance & Corporate Services is ultimately responsible for the preparation of the Council's Statement of Accounts, which in terms of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), is required to present fairly the financial position of the Council at the accounting date and of its income and expenditure for the year ended 31 March 2024. 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
• complied with the Code
• kept proper accounting records which were up to date
• 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 present a true and fair view of the financial position of the Council as at 31 March 2024 and of its income and expenditure for the year ended 31 March 2024.

Caroline Holland
Interim Director of Finance and Corporate Services
Date: 27 February 2025

I confirm that the 2023/24 Statement of Accounts for the London Borough of Bexley and Bexley Pension Fund were approved by the General Purposes and Audit Committee on 26 September 2024.

Cllr Peter Reader
Chair of the General Purposes and Audit Committee
Date: 27 February 2025

Independent Auditor's Report to the Members of London Borough of Bexley

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Comprehensive Income and Expenditure Statement

This Statement shows the income and expenditure of the Council in providing services in the year 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.

2022/23 *					2023/24		
Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000		Notes	Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000
114,735	(53,456)	61,279	Adult Social Care and Public Health		131,861	(59,174)	72,687
4,172	(378)	3,794	Chief Executive's Office		5,238	(183)	5,055
171,719	(121,882)	49,837	Children and Education		184,691	(128,413)	56,278
108,623	(35,556)	73,067	Place		101,663	(35,681)	65,982
103,504	(63,818)	39,686	Finance and Corporate Services		118,042	(71,604)	46,438
502,753	**(275,090)**	**227,663**	**Cost of Services**		**541,495**	**(295,055)**	**246,440**
		95	Other Operating Expenditure	11			22,266
		13,588	Financing and Investment Income and Expenditure	12			3,756
		(204,159)	Taxation and Non-Specific Grant Income	13			(220,337)
		37,187	**Deficit on Provision of Services**				**52,125**
		(50,620)	Surplus on Revaluation of PPE and Heritage Assets	14, 15, 25			(8,878)
		(177,192)	Remeasurements of the Net Pensions Defined Benefit Liability	40			64,417
		(227,812)	**Other Comprehensive Income**				**55,539**
		(190,625)	**Total Comprehensive Expenditure / (Income)**				**107,664**

* Restated

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves and unusable reserves, and shows the increase or decrease in the net worth of the Council. It provides an explanation of the changes in, and movements between, reserve accounts to increase or reduce the resources available to the Council. It shows how the Council's total Comprehensive Income and Expenditure is allocated to the Council's reserves. The Surplus or (Deficit) on the provision of Services, Other Comprehensive Income and Expenditure and Total Comprehensive Income and Expenditure are shown in more detail on the face of the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement 2023/24

	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 1 April 2023	**(14,360)**	**(52,876)**	**(67,236)**	**(498)**	**(9,006)**	**(76,740)**	**(688,380)**	**(765,120)**
Movement in Reserves during 2023/24:								
Deficit on Provision of Services (Accounting Basis)	52,125	-	52,125	-	-	52,125	-	52,125
Other Comprehensive Income							55,539	55,539
Total Comprehensive Expenditure/(Income)	**52,125**	**-**	**52,125**	**-**	**-**	**52,125**	**55,539**	**107,664**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(46,060)	-	(46,060)	(546)	(15,163)	(61,769)	61,769	-
Net Decrease/(Increase) Before Transfers To Earmarked Reserves	**6,065**	**-**	**6,065**	**(546)**	**(15,163)**	**(9,644)**	**117,308**	**107,664**
Other adjustments:								
Transfers (From)/To Earmarked Reserves (Note 10)	(6,065)	6,065	-	-	-	-	-	-
(Increase)/Decrease In Year	**-**	**6,065**	**6,065**	**(546)**	**(15,163)**	**(9,644)**	**117,308**	**107,664**
Balance At 31 March 2024	**(14,360)**	**(46,811)**	**(61,171)**	**(1,044)**	**(24,169)**	**(86,384)**	**(571,072)**	**(657,456)**

Movement in Reserves Statement 2022/23

	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 1 April 2022	**(14,359)**	**(59,825)**	**(74,184)**	**(859)**	**(6,537)**	**(81,580)**	**(492,915)**	**(574,495)**
Movement in Reserves during 2022/23:								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	37,187	-	37,187	-	-	37,187	-	37,187
Other Comprehensive (Income)/Expenditure							(227,812)	(227,812)
Total Comprehensive Expenditure/(Income)	**37,187**	**-**	**37,187**	**-**	**-**	**37,187**	**(227,812)**	**(190,625)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(30,239)	-	(30,239)	361	(2,469)	(32,347)	32,347	-
Net Decrease/(Increase) Before Transfers To Earmarked Reserves	**6,948**	**-**	**6,948**	**361**	**(2,469)**	**4,840**	**(195,465)**	**(190,625)**
Other adjustments:								
Transfers From) /To Earmarked Reserves (Note 10)	(6,949)	6,949	-	-	-	-	-	-
(Increase)/Decrease In Year	**(1)**	**6,949**	**6,948**	**361**	**(2,469)**	**4,840**	**(195,465)**	**(190,625)**
Balance At 31 March 2023	**(14,360)**	**(52,876)**	**(67,236)**	**(498)**	**(9,006)**	**(76,740)**	**(688,380)**	**(765,120)**

Balance Sheet

The Balance Sheet shows the value at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves. Only usable reserves are available to support delivery of the Council's services to residents. Details of the usable reserves can be seen in the Movement in Reserves Statement.

31-Mar-23 £'000			31-Mar-24 £'000
804,615	Property, plant and equipment	14	754,053
32,830	Heritage Assets	15	35,001
62,781	Investment Property	16	52,595
1,675	Intangible Assets	17	1,165
20,967	Long Term Investments	18	20,029
10,103	Long Term Debtors	20	9,053
57,840	Pension Assets	40	0
990,811	**Long Term Assets**		**871,896**
1,650	Assets Held for Sale	14.6	11,980
172	Short-term Investments	18	221
3,544	Inventories	19	3,814
62,689	Short Term Debtors	20	63,850
41,012	Cash and Cash Equivalents	21	27,700
109,067	**Current Assets**		**107,565**
-	Bank overdrafts	21	(5,734)
(714)	Short-Term Borrowing	18	(3,606)
(68,122)	Short-Term Creditors	22	(48,273)
(2,908)	Provisions	23	(3,656)
(3,918)	Grants Receipts in Advance - Revenue	13	(2,770)
(83)	Grants Receipts in Advance – Capital	13	(83)
(75,745)	**Current Liabilities**		**(64,122)**
(1,739)	Long-Term Provisions	23	(1,655)
(223,030)	Long Term Borrowing	18	(220,325)
(27,821)	Other Long-Term Liabilities	34	(23,405)
(356)	Pension Liabilities	40	(6,090)
(6,067)	Grants Receipts in Advance - Capital	13	(6,408)
(259,013)	**Long Term Liabilities**		**(257,883)**
765,120	**Net Assets**		**657,456**
(76,740)	Usable Reserves	24	(86,384)
(688,380)	Unusable Reserves	25	(571,072)
(765,120)	**Total Reserves**		**(657,456)**

I certify that the Balance Sheet represents a true and fair view of the council's financial position as of 31 March 2024.

Caroline Holland
Interim Director of Finance and Corporate Services
Date: 27 February 2025

Cash Flow Statement

This shows the changes in cash and cash equivalents of the Council during the year. The statement classifies the Council's cash flows between operating, investing and financing activities. Operating activities reflect the day-to-day income from grants and taxation together with expenditure on services provided by the Council. Investing activities summarise the expenditure made to support future activities, for example capital expenditure on schools. Financing activities demonstrate how the Council has managed its borrowings to fund its operating and investing activities.

2022/23 £'000			2023/24 £'000
(37,187)	Net Deficit on Provision of Services		(52,125)
46,715	Adjustments to the Net Deficit on the Provision of Services for Non-Cash Transactions	26	58,133
(20,271)	Adjustments to the Net Deficit on the Provision of Services that are Investing and Financing	26	(24,352)
(10,743)	**Net Cash Flows from Operating Activities**		**(18,345)**
2,140	Net cashflow from Investing Activities	27	10,478
(4,906)	Net cash flow from Financing Activities	28	(11,180)
(13,509)	**Net Decrease in Cash and Cash Equivalents**		**(19,047)**
54,521	Cash and Cash Equivalents at the Beginning of the Period		41,012
41,012	**Cash and Cash Equivalents at the End of the Period**		**21,966**

Notes to the Accounts 1 to 10

Note 1 - Accounting Policies

1.1 Introduction and Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position as of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the Accounts to be prepared in accordance with proper accounting practices.

These practices under Section 21(2) of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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.

Going Concern Concept

The Council's Financial Statements shall be prepared on a going concern basis; that is the Accounts are prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

1.2 Accruals of Income and Expenditure/Revenue Recognition

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

• revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract

• supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet

• expenses in relation to services received (including 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

• revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably

• dividends or equivalent should be recognised where the Council's right to receive is established

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 highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 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.

1.5 Charges to Revenue for Non-Current Assets

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
- for Finance Leases, Minimum Revenue Provision (MRP) is equal to the write-down of the liability

Details of further adjustments, including the annual contribution from revenue towards the reduction in its overall borrowing requirement are outlined in Accounting Policy 1.22 - Property, Plant and Equipment.

1.6 Collection Fund Income and Expenditure Account - (Memorandum Account)

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates.

1.6.1 Council Tax and National Non-Domestic Rates (NNDR)

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

• Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For London Borough of Bexley, the Council Tax precepting body is Greater London Authority and the NNDR precepting bodies are Central Government (33% share), London Borough of Bexley (30% share) and Greater London Authority (37% share).

• The Business Rate Supplement (BRS), in conjunction with the Crossrail Project, is a levy collected on behalf of the Greater London Authority (GLA) by this Authority along with Business Rates. The income and expenditure for BRS are included in the Collection Fund.

1.6.2 Accounting for Council Tax and NNDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6.3 Business Improvement Districts

There are two Business Improvement District (BID) schemes within the borough - in Bexleyheath and Sidcup. The schemes are funded by a BID levy paid by relevant non-domestic ratepayers. The Council acts as a principal under the schemes and accounts for income received and expenditure incurred (including contributions to the BID projects) within the relevant services within the Comprehensive Income and Expenditure Statement.

1.7 Employee Benefits

1.7.1 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 Council.

An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the 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 so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The accrual for outstanding leave is based on central records of unused leave entitlement carried forward for non-schools staff and non-teaching staff in schools, and for teaching staff follows CIPFA guidance.

1.7.2 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.

1.7.3 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 Local Pensions Partnership (LPP) 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 and Social Care

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 Children and Education line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adult Social Care and Public Health line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS scheme, administered by the Department of Health and Social Care, 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 4.9% (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.

• net interest on the net defined benefit liability i.e. net interest expense for the Council – 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.

Remeasurements 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.

There is a limitation on the Council's ability to realise pensions assets through reductions in future employer's contributions as a result of minimum funding requirements, known as the asset ceiling.

1.7.4 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 events can be identified:

• those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events

• those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where 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.

1.9.1 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)
- Fair Value through Profit or Loss (FVPL)

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

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at Fair Value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement 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.

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

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

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

Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council does not currently hold any asset measured at Fair Value through other comprehensive income (FVOCI).

Financial assets measured at Fair Value through Profit or Loss (FVPL)

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

Fair Value Measurement of Financial Assets

Fair Value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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.

The IFRS 9 statutory override requires local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to a Pooled Investment Adjustment Account in the Movement in Reserves statement, which removes the impact on the General Fund balance. This override is in place until March 2025.

Expected Credit Loss Model (ECL)

The Expected Credit Loss Model applies only to contractual financial assets measured at amortised cost in respect of this Council and recognises expected credit losses on its financial assets held at amortised cost (subject to materiality) either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

1.9.2 Financial liabilities

Financial liabilities are initially recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at Fair Value and carried at 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.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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 Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate on 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the 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.

1.12 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.

1.13 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 the local area. These are valued every three years by an external valuer and the last year they were due for a valuation, it was carried out by BCH Ltd.

Heritage Assets - measurement and valuation

Heritage Assets are recognised and measured using the reinstatement cost valuation method.

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. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate insurance values and commercial markets using the most relevant and recent information from sales at auctions. The proceeds from any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements relating to capital expenditure and capital receipts.

1.14 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).

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. 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.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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.

1.15 Interests in Companies and Other Entities

The Council has material interests in BexleyCo Ltd that has the nature of a subsidiary and is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2023/24.

Group Accounts have been prepared in accordance with chapter 9.1 of the Code.

1.16 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet and are measured at the lower cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on goods or services transferred to the service recipient during the financial year.

1.17 Investment Property

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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but are reviewed annually according to market conditions at the year-end. 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.

1.18 Fair value measurement of non-financial assets and liabilities

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

1.19 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 the fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their 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 are 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 the use of the leased property, plant or equipment.

The Council as a 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.

Where 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.

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 or Investment Properties. Rental income is credited to the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.20 Overheads

The costs of overheads are not charged to service segments and instead remain in the Finance & Corporate directorate.

1.21 Highways infrastructure assets

Highways infrastructure assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Head of Highways, Traffic & Infrastructure using industry standards where applicable. In 2021/22 the useful lives were reviewed and the following lives were applied to the parts of the highways network indicated.

Part of the highways network	Useful Life
Bridge Construction	40 years
Flood Risk programmes	40 years
Street Lighting Columns	40 years
Major town centre and road construction schemes	30 years
Carriageways	25 years
Traffic management schemes	20 years
Footpath & Cycle schemes	15-20 years
Streetlights	15 years
Street furniture	15 years
Parking schemes	10 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet 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 (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.
The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure is nil.

1.22 Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Council has a de minimis threshold of £10,000.

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 price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £10,000 de minimis threshold

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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 and community assets - depreciated historical cost

• assets under construction - historical cost

• Council offices - current value. The Civic Offices, due to its specialist nature, is measured at depreciated replacement cost which is an estimate of the current value. For other smaller offices where there is an active market, current value is determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

• school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost which is an estimate of the current value

• other land and buildings and operational assets where there is an active market - Current value determined as the amount that would be paid for the asset in its existing use (EUV)

• operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of the current value

• surplus assets - the current value measurement base is Fair Value, estimated at highest and best use from a market participant's perspective

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

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), the 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); and

• 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 the 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 the useful life of the asset using the lives stated in accounting policy 1.21

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

In some cases, the calculation of materially accurate depreciation charges may require disaggregation of an item of property, plant and equipment that might otherwise have been carried as a single asset in the asset register. 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.

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 (PPE) assets. However, componentisation is not applied where depreciating the item as a single asset is unlikely to result in a material misstatement of either depreciation charges or the carrying amount (net amount after deducting accumulated depreciation) of PPE.

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 to 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 misstatement in the accounts. Therefore, equipment assets are not reviewed for further componentisation.

Componentisation applies to property assets that 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 misstatement of either depreciation charges or the carrying amount of PPE.

In 2023/24 the Council's valuers completed a review of the component elements, the value of which will vary dependent on the asset category and the ranges were as follows:

Structure	42% - 61%
Roof	7% - 13%
Mechanical and electrical components	13% - 28%
External works	11% - 29%

This approach is applied to the revaluation of property assets in 2023/24. 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 and 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 subject to the component accounting requirements. Valuations continue to be provided in accordance with the CIPFA Code of Practice 2023/24 and the Royal Institute of Chartered Surveyors (RICS) Global Standards 2017: UK national supplement. 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 the revaluation of all property assets over £1m, and for those under £1m there are scheduled revaluations of 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 a year i.e. a new extension, new roof, etc. A market valuation adjustment is also applied based on the land registry or infaltion rate index on other properties below £1m and not due for a valuation.

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. On the majority of cases, significant expenditure on an asset would lead to a revaluation which would ensure there is no double counting. Where 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 derecognition 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 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.

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 are treated as Revenue Expenditure Funded from Capital under Statute (see note 1.28). Schools held on the balance sheet are disposed of 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.

Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by way of the Contribution in the General Fund (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.23 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 the ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the 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.

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 (the profile of write-downs is calculated using the same principles as for a finance lease)

• 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.

1.24 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.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

1.25 Contingent Assets

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

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

1.26 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.

1.27 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.

1.28 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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.

1.29 VAT

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

1.30 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.

Note 2 - Accounting Standards Issued, Not Adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policies to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2024/25 Code). This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) IFRS 16 Leases issued sinced January 2016

• Based on the minimum lease payments outstanding at 31 March 2024 it is estimated that the transition will result in the recognition of new assets of £7.248m

b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:

• specify that an entity's right to defer settlement must exist at the end of the reporting period

• clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement

• clarify how lending conditions affect classification, and

• clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

• a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and

• targeted disclosure requirements for affected entities.

f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

• assess how supplier finance arrangements affect an entity's liabilities and cash flows, and

• understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Note 3 - Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

The most recent year-end balances, as reported in these statements are as follows:

Date	General Fund £m	Earmarked reserves* £m
31 March 2024	14.360	34.918
31 March 2025	14.360	33.800
31 March 2026	14.360	32.694

* Excludes Dedicated Schools Grant

The 31 March 2025 and 31 March 2026 figures in the above table are based on projections made as part of budget monitoring for period 2 in 2024/25 (May 2024).

The General Fund and Earmarked Reserve position is a balance at 31 March 2024 of £14.360m and £34.918m, with predicted balances at 31 March 2025 of £14.360m and £33.800m. This remains above the minimum level of General Fund reserve (£14.000m) as set by the Director of Finance and Corporate Services as the Section 151 Officer.

The cash flow forecasting and assessment of the adequacy of the liquidity position shows that further borrowing will be required later in 2024/25 as cash balances reduce during the year. The Council has set a relatively high cash balance limit of £30m at which point it would seek borrowing should balances go below this. This limit is more than sufficient to enable activities to continue should the balance fall beneath it. Borrowing will also be required to support the capital programme. The borrowing for capital purposes is within the Council's Prudential Code limits and is consistent with the Council's plans and normal practice.

To ensure that the Council continues to allocate resources appropriately, a programme of in-depth analysis of specific services is underway, known as service reviews. These service reviews seek to identify pressures, risks and opportunities that will inform the Medium Term Financial Strategy (MTFS). During the summer of 2023 reviews were carried out on Adult Social Care Homecare/Reablement and Preparing for Adulthood, Special Educational Needs (SEN) Transport, Looked After Children Placements for Children's Social Care, Children's Services Establishment, Parking Services, Waste Services and Emergency Accommodation, which informed the MTFS agreed by Council in February 2024. Further service reviews are underway during the summer of 2024 including further work on Special Educational Needs (SEN) Transport, Emergency Accommodation, Parking, Waste Services, Children’s Social Care and Adult Social Care.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, the Council continues to adopt the going concern basis in preparing these financial statements.

3a - Critical Judgements in Applying Accounting Policies

In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts, these are as follows:

- 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 yet 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 Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interests in BexleyCo Limited are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts.

- The Council has elected to take up the statutory override relating to the accounting for highways infrastructure assets which is applicable for all statements of accounts that are currently open up to 2024/25. In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed to prove the judgement that the components being replaced are fully depreciated or that any remaining balance would not be material. The Council is not required to make any prior period adjustment to the balances of the statement of accounts in respect of infrastructure assets.

Note 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, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council’s Balance Sheet at 31 March 2024 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 & 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.	Where the Council determines that the useful life of property, plant and equipment should be shortened, the revised remaining useful life, thereby increases the depreciation expense. Any change in an asset’s life is reflected in the Council’s accounts when the change in estimate is determined.
	Assets are valued on a five-year rolling basis.	The carrying value of assets in the balance sheet is £754.053m.
PPE Valuations (excluding Operational Heritage Assets)	The Council carries out a rolling programme that ensures that all property assets are revalued within a 5-year period by the Council's external valuers. In addition to the planned revaluation rolling programme, all properties valued at over £1m and any other properties subject to a significant change during the year are revalued.	If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £7.265m would arise. This would normally be reversed to the Revaluation Reserve.
	In the current economic climate, the Balance Sheet valuations of £726.425m may be subject to fluctuations.	Where revaluation losses exceed unrealised gains, the net loss would be charged to the Comprehensive Income and Expenditure Statement and subsequently written off to the Capital Adjustment Account.

Heritage Asset valuations	Historic Buildings are valued on a reinstatement cost basis. Due to their specialist nature, the assessment of their reinstatement cost is undertaken by a specialist consultant on a three yearly cycle, the last assessment being in March 2024. In the previous years the valuation has been reviewed by the Principal Valuer with reference to the change in the RICS BCIS cost index. Therefore the Historic Building Valuation of £60.703m may be subject to fluctuations.	As well as buildings, the Council also holds an art collection, civic regalia and monuments with a total value of £1.926m, which are measured at reinstatement cost in the Balance Sheet. If the asset valuation of all heritage assets (including operational heritage assets and the art collection, civic regalia and monuments) were to rise by 1%, an increase in value of £0.626m would arise. This would be adjusted via an increase to the Revaluation Reserve.
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in note 18 below.	The Council uses Level 2 observable inputs for valuing its investment properties and surplus assets. The inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Significant changes in any of the observable inputs would result in significantly lower or higher Fair Values.

Impairment allowance for doubtful debt	As of 31 March 2024, the Council has established provisions of £33.491m against its total debt base to reflect the likelihood of being unable to recoup a proportion of the outstanding debt. It is not certain that this provision would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to a future adjustment being required. The Council has established policies for the calculation of impairment allowances, based on the nature of the debt, the service area and historic experience of the collection of debts. If collection rates were to deteriorate then the Council would need to review its policies on the calculation of its bad debt provision.
Pensions liability	Estimation of the net liability to pay pensions depends on several 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 principal factors affecting the valuation of the pension liability are the discount rate, the inflation rate and the longevity (mortality rate) assumptions. The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in an increase in the net pension asset of £44.528m. However, a 0.25% increase in the inflation assumption is likely to decrease the net pension asset by £23.430m or, should longevity increase by one year, the net pension asset would decrease by £16.492m.

		The value of the net Defined Benefit Pension Liability in the balance sheet is £6.090m, comprising the Local Government Pension Fund Scheme (£5.686m) and a separate net defined pension liability of £0.404m relating to the separate LPFA pension. In calculating the net pensions asset, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefits of the net pensions asset of £91.644m calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contributions is limited. An asset ceiling therefore applies.
Investment Property Valuations	Investment Properties are measured initially at cost and subsequently at fair value. The Council undertakes a revaluation of all Investment Property every year.	If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £0.526m would arise. This loss in fair value would be posted directly to the CIES. In the current economic climate, the Balance Sheet valuations of £52.595m may be subject to fluctuations.

Note 5 - Material Items of Income and Expenditure

Net Other Operating Expenditure includes the write-out of academy school assets at Cornerstone School with a net book value of £21.331m, for nil consideration.

Note 6 - Events After the Reporting Period

The draft statement of accounts was authorised for issue by the Interim Director of Finance and Corporate Services on 25 February 2025. 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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Since the Balance Sheet date of 31 March 2024, there have been no material events that would require an adjustment to the financial statements.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, the Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Note 7 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows 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. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and funding analysis adjustments are explained in Note 7.1.

Expenditure and Funding Analysis

2022/23 Restated				2023/24		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
£’000	£’000	£’000		£’000	£’000	£’000
60,426	853	61,279	Adult Social Care and Public Health	71,588	1,099	72,687
2,968	826	3,794	Chief Executive's Office	4,244	811	5,055
45,757	4,080	49,837	Children and Education	58,032	(1,754)	56,278
26,214	13,472	39,686	Finance and Corporate Services	27,934	18,504	46,438
42,394	30,673	73,067	Place	45,502	20,480	65,982
177,759	**49,904**	**227,663**	**Net Cost of Services**	**207,300**	**39,140**	**246,440**
(177,760)	(12,716)	(190,476)	Other Income and Expenditure	(207,300)	12,985	**(194,315)**
(1)	**37,188**	**37,187**	**Deficit on Provision of Services**	**-**	**52,125**	**52,125**
(14,359)			Opening General Fund Balance	(14,360)		
(1)			Plus/Less (Surplus) or Deficit on the General Fund Balance for the Year (statutory basis)	-		
(14,360)			**Closing General Fund Balance**	**(14,360)**		

7.1 - Notes to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Adjustments (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
2023/24				
Chief Executive's Office	3	30	778	811
Children and Education	8,489	756	(10,999)	(1,754)
Adult Social Care and Public Health	2,026	86	(1,013)	1,099
Places, Community and Infrastructure	23,289	197	(3,006)	20,480
Finance and Corporate Services	17,568	1,066	(130)	18,504
Net Cost of Services	**51,375**	**2,135**	**(14,370)**	**39,140**
Other Income and Expenditure from the Expenditure & Funding Analysis	(10,055)	(2,979)	26,019	12,985
Difference between General Fund Deficit and Comprehensive Income & Expenditure Statement Deficit on the Provision of Services	**41,320**	**(844)**	**11,649**	**52,125**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustments (Note 2) £'000	Other Adjustments (Note 3) £'000	Total Adjustments £'000
2022/23 (Restated)				
Adult Social Care and Public Health	1,621	897	(1,665)	853
Chief Executive's Office	3	282	541	826
Children and Education	9,464	7,273	(12,657)	4,080
Finance and Corporate Services	3,626	3,464	6,382	13,472
Place	30,180	1,941	(1,448)	30,673
Net Cost of Services	**44,894**	**13,857**	**(8,847)**	**49,904**
Other Income and Expenditure from the Expenditure & Funding Analysis	(24,705)	2,614	9,375	(12,716)
Difference between General Fund Deficit and Comprehensive Income & Expenditure Statement Deficit on the Provision of Services	**20,189**	**16,471**	**528**	**37,188**

Note 1 - Adjustments for Capital Purposes

Adjustments for capital purposes - this column adds in depreciation, impairment and revaluation gains and losses in the services line adjusted 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 are credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year

Note 2 - Net change for the Pension Adjustments

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

Note 3 - Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under the 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** represent the difference between what is chargeable under statutory regulations for Council tax and NNDR 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.

7.2 - Segmental Income - Note 2 to the Expenditure and Funding Analysis

Income received according to the Authority's operating segments analysed

2022/23* £'000	Services	2023/24 £'000
53,456	Adult Social Care and Public Health	59,174
378	Chief Executive's Office	183
121,882	Children and Education	128,413
63,818	Finance and Corporate Services	71,604
35,556	Place	35,681
275,090	**Total Income analysed according to operating segments**	**295,055**

* Restated

Note 8 – Expenditure and Income Analysed by nature

The Council's expenditure and income analysed

2022/23		2023/24
£'000		**£'000**
	Expenditure:	
122,117	Employee Benefit expenses	113,483
336,743	Other Service expenses	376,637
45,071	Depreciation, Amortisation and REFCUS (Revenue funded as capital under statute)	48,335
12,784	Interest payments	7,003
315	Precepts and levies	333
5,737	Revaluation losses	6,832
2,917	Loss on fair value of investments	938
-	Gain or loss on disposal of assets	21,932
525,684	**Total Expenditure**	**575,493**
	Income:	
(53,079)	Fees, charges and other service income	(56,164)
(6,171)	Interest and investment income	(7,185)
(163,797)	Income from Council tax and non-domestic rates	(172,329)
(220)	Gain or loss on disposal of assets	-
(24,049)	Other income non-specific grants	(22,869)
(2,858)	Revaluation gains	(792)
(19,954)	Capital grants and contributions	(25,138)
(218,369)	Government grants and contributions	(238,893)
(488,497)	**Total Income**	**(523,368)**
37,187	**Deficit on the Provision of Services**	**52,125**

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2023/24 Adjustments between Accounting Basis and Funding Basis

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation of Property, Plant and Equipment	(42,151)	-	-	42,151
Revaluation (losses)/gain on Property, Plant and Equipment	(3,040)	-	-	3,040
Movements in the market value of Investment Properties	(3,000)	-	-	3,000

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account (cont):				
Amortisation of Intangible Assets	(532)	-	-	532
Deferred income written down	339	-	-	(339)
Reversal of Capital Grants credited to CIES	23,324	-	(23,324)	-
Capital Grants and Contributions Applied	-	-	8,161	(8,161)
Revenue expenditure funded from capital under Statute	(5,652)	-	-	5,652
Revenue expenditure funded from capital under Statute	(22,725)	-	-	22,725
Write out of non-current assets - notional loss on academy transfers	(236)	-	-	236
Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Provision for the repayment of debt	9,442	-	-	(9,442)
Capital expenditure charged against the General Fund	1,883	-	-	(1,883)
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,029	(1,029)	-	-
Capital Receipts Reserve to finance capital expenditure	-	1,370	-	(1,370)
Adjustment involving the Pooled Investment Fund Adjustment Account:				
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to the fair value of investments	(938)	-	-	938
Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds	-	(887)	-	887
Write down of finance lease long term debtors	(18)	-	-	18
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	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,583)	-	-	7,583
Employer's pensions contributions and direct payments to pensioners payable in the year	8,426	-	-	(8,426)
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	(4,771)	-	-	4,771
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	108	-	-	(108)
Total Adjustments	**(46,060)**	**(546)**	**(15,163)**	**61,769**

2022/23 Adjustments between Accounting Basis and Funding Basis

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation of Property, Plant and Equipment	(39,748)	-	-	39,748
Revaluation (losses)/gain on Property, Plant and Equipment	1,178	-	-	(1,178)
Movements in the market value of Investment Properties	(4,057)	-	-	4,057
Amortisation of Intangible Assets	(479)	-	-	479
Deferred income written down	339	-	-	(339)
Reversal of Capital Grants credited to CIES	19,342	-	(19,342)	-
Capital Grants and Contributions Applied	-	-	16,873	(16,873)
Revenue expenditure funded from capital under Statute	(4,845)	-	-	4,845
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	(1,279)	-	-	1,279
Write out of non-current assets - notional loss on academy transfers	(235)	-	-	235
Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Provision for the repayment of debt	6,668	-	-	(6,668)
Capital expenditure charged against the General Fund	2,192	-	-	(2,192)
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,734	(1,734)	-	-
Capital Receipts Reserve to finance capital expenditure		2,337	-	(2,337)
Capital Receipts Reserve to finance revenue expenditure	(1,000)	1,000	-	-
Adjustment involving the Pooled Investment fund Adjustment Account:				
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to the fair value of investments	(2,917)	-	-	2,917

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds		(1,242)	-	1,242
Write down of finance lease long term debtors	(17)	-	-	17
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	(26,162)	-	-	26,162
Employer's pensions contributions and direct payments to pensioners payable in the year	9,691	-	-	(9,691)
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	9,341	-	-	(9,341)
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	(21)	-	-	21
Total Adjustments	**(30,239)**	**361**	**(2,469)**	**32,347**

Note 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 from Earmarked Reserves to meet General Fund expenditure in 2023/24.

General Fund and Earmarked Reserves	Balance at 31 March 2022	Movements 2022/23	Balance at 31 March 2023	Movements 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Financial Planning Reserve (i)	**(7,470)**	1,501	**(5,969)**	4,107	**(1,862)**
Collection Fund Reserve (ii)	**(14,672)**	6,559	**(8,113)**	(10,817)	**(18,930)**
Adult Social Care (iii)	**(12,372)**	3,099	**(9,273)**	7,312	**(1,961)**
Public Health (iv)	**(1,398)**	(75)	**(1,473)**	615	**(858)**
Information Technology Reserve (v)	**(2,619)**	1,500	**(1,119)**	1,119	**-**
Insurance Reserve (vi)	**(3,950)**	540	**(3,410)**	686	**(2,724)**
Reorganisation Reserve (vii)	**(3,620)**	1,500	**(2,120)**	2,120	**-**
Transformation Reserve (viii)	**(1,759)**	(530)	**(2,289)**	508	**(1,781)**
Housing Benefit Smoothing Reserve (ix)	**(511)**	-	**(511)**	-	**(511)**
Revenue grants and contributions unapplied (x)	**(812)**	194	**(618)**	136	**(482)**
Other Earmarked Reserves (xi)	**(2,644)**	1,572	**(1,072)**	214	**(858)**
BexleyCo Dividend Reserve (xii)	**-**	(1,500)	**(1,500)**	1,500	**-**
Financing Reserve (xiii)	**(1,625)**	1,625	**-**	-	**-**
Broadway Shopping Centre Reserve (xiv)	**(125)**	125	**-**	-	**-**
Subtotal	**(53,577)**	**16,110**	**(37,467)**	**7,500**	**(29,967)**

Schools' Balances (xv)	**(4,291)**	1,266	**(3,025)**	539	**(2,486)**
Community Infrastructure Levy (CIL) (xvi)	**(1,957)**	448	**(1,509)**	(956)	**(2,465)**
Dedicated Schools Grant (DSG) (xvii)	**-**	(10,875)	**(10,875)**	(1,019)	**(11,894)**
Total Earmarked Reserves	**(59,825)**	**6,949**	**(52,876)**	**6,064**	**(46,812)**
General Fund Balance	**(14,359)**	(1)	**(14,360)**	-	**(14,360)**
Total General Fund Reserves	**(74,184)**	**6,948**	**(67,236)**	**6,064**	**(61,172)**

(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) Collection Fund Reserve - to provide a means to manage fluctuations in the amount of income collected through Council Tax and Business Rates

(iii) Adult Social Care - reserves held for Integrated Care Board transformation projects and to fund other Adult Social Care spend

(iv) Public Health - the Financing Reserve exists to deal with unbudgeted variations in financing costs and to finance direct capital expenditure where appropriate

(v) Information Technology Reserve - this will provide for the future upgrade and replacement of personal computers and laptops, infrastructure and software Council-wide

(vi) 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 as part of such an arrangement

(vii) Reorganisation Reserve - this reserve existed to meet possible redundancy costs in future years but was consolidated into the Financial Planning Reserve

(viii) 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 these projects

(ix) Housing Benefit Smoothing Reserve - this reserve provides a means to manage fluctuations in the amount of income collected through Housing Benefit.

(x) 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 capital expenditure, are also included in earmarked reserves

(xi) Other Earmarked Reserves - the remaining Council controlled reserves total is largely earmarked against possible future costs such as liabilities for contaminated land, elections and systems development

(xii) BexleyCo Dividend Reserve - reserve consisted of dividend received from BexleyCo in 2022/23, which has been used to support revenue expenditure.

(xiii) Financing Reserve - the Financing Reserve exists to deal with unbudgeted variations in financing costs and to finance direct capital expenditure where appropriate

(xiv) Broadway Shopping Centre Reserve - this reserve was used to fund historic liabilities due related to the Council's interest in the Broadway Shopping Centre.

(xv) Individual Schools Budget - 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

(xvi) Community Infrastructure Levy (CIL) reserve - this reserve is made up of CIL contributions to be used to fund infrastructure related works

(xvii) Dedicated Schools Grant - this reserve contains the accumulated surplus on centrally managed budgets funded by the Dedicated Schools Grant. The surplus is calculated disregarding deficits charged to the DSG Adjustment Account under statutory override

Note 11 – Other Operating Expenditure

Other Operating Expenditure includes all levies payable and gains and losses generated from in-year disposals of non-current assets.

2022/23 £'000		2023/24 £'000
315	Levies	334
(220)	(Gains)/Losses on the disposal of non-current Assets	21,932
95	**Total**	**22,266**

Note 12 - Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
10,170	Interest payable and similar charges	9,982
2,615	Pension Fund - Net interest on the net defined asset	(2,979)
(2,480)	Interest receivable and similar income	(4,163)
(1,500)	Dividend income from subsidiaries	-
2,917	Financial Assets measured at fair value through Profit and Loss	938
1,866	Income and Expenditure in relation to Investment Properties and their changes in fair value	(22)
13,588	**Total**	**3,756**

Note 13 - Taxation and Non-Specific Grant Income

This note consolidates all non-specific grants and contributions receivable that cannot be identified to particular service expenditure, and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service-specific. This Note also identifies the Council's proportion of Council Tax and Business Rates used to fund in year business/service activities including those activities within the Business Rate Retention Scheme.

Non-specific grants and contributions receivable

2022/23* £'000		2023/24 £'000
(125,961)	Council Tax Income	(132,462)
(37,836)	Business Rates (Retained Share)	(39,867)
(20,408)	General Government Grants	(22,870)
(19,954)	Capital Grants and Contributions	(25,138)
(204,159)	**Total**	**(220,337)**

* Restated

13.1 Grants and Contributions Credited to Net Cost of Services

2022/23* £'000	Grant	Service	2023/24 £'000
(4,020)	Adults Social Care Grant	Adults & Public Health	(6,766)
(774)	ASC Discharge Funding	Adults & Public Health	(928)
(10,436)	CCG Better Care Funding	Adults & Public Health	(11,486)
(621)	Independent Living Fund Grant	Adults & Public Health	-
(1,876)	NHS Funding Initiative	Adults & Public Health	(1,484)
(919)	NHS Hospital Discharge Funding	Adults & Public Health	(1,055)
(10,313)	Public Health Grant	Adults & Public Health	(10,832)
-	Workforce Capacity Grant	Adults & Public Health	(1,412)
(627)	Market Sustainability and Improvement Fund	Adults & Public Health	(2,174)
(2,222)	Asylum Seekers Grant	Children and Education	(2,592)
(4,020)	Children's Social Care Grant	Children and Education	(6,766)
(95,566)	Dedicated Schools Grant	Children and Education	(92,585)
-	ESFA Early Years Supplementary	Children and Education	(1,164)
(4,170)	Other School Grants	Children and Education	(4,855)
(2,984)	PFI Funding	Children and Education	(2,984)
(1,542)	Pupil Premium	Children and Education	(1,582)
(894)	Supported Families Grant	Children and Education	(792)
(857)	Universal Infants Free School Meals	Children and Education	(908)
-	Mayor's Free School Meals	Children and Education	(3,246)
(1,396)	Covid-19 Grants	Finance and Corporate Services	(1,308)
(646)	Discretionary Energy Rebate Grant	Finance and Corporate Services	-
(1,251)	Homes for Ukraine Grants	Finance and Corporate Services	(2,680)
(3,084)	Household Support Fund Grant	Finance and Corporate Services	(3,088)
(593)	Housing Benefit Admin Grant	Finance and Corporate Services	(532)
(52,332)	Housing Benefits	Finance and Corporate Services	(55,007)
(587)	MOPAC Grants	Place	(672)
(3,014)	Homelessness Prevention Grant	Place	(3,448)
(7,942)	Other Contributions from Health Authorities		(8,812)
(4,542)	Other Contributions		(5,441)
(4,782)	Other Grants		(4,294)
(222,010)	**Total Grants and Contributions Credited to the Net Cost of Services**		**(238,893)**

*Restated

13.2 Grants credited to Taxation and Non-specific Grant Income

General Government Grants

2022/23* £'000	Grant	2023/24 £'000
(7,846)	Business Rates Relief Grant	(10,205)
2,088	COVID-19 Grant **	-
(6,616)	Improved Better Care Fund Grant	(6,616)
(257)	Local CTax Support Grant	(29)
(679)	New Homes Bonus	(181)
(3,427)	Revenue Support Grant	(4,036)
(2,527)	Services Grant	(1,482)
(1,144)	Other Grants	(321)
(20,408)	**Total**	**(22,870)**

*Restated

** An element of Local Restrictions Support Grant received in 2020/21 was not fully spent and was returned to Government in 2022/23.

Capital Grants and Contributions

2022/23 £'000	Grant or contribution	2023/24 £'000
(1,296)	CIL funding	(1,814)
(1,026)	Condition Funding/Primary Modernisation	(684)
(13,230)	ESFA SEN Funding	(16,149)
(52)	GLA - Good Growth & Getting Building Fund	(388)
(286)	Peabody Funding	(62)
(2,883)	Renovation Grants	(3,136)
(254)	Transport for London	(1,420)
(927)	Other	(1,485)
(19,954)	**Total**	**(25,138)**

The Council has received a number of grants and contributions 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 giver. The balances at the year-end are as follows:

13.3 Grants Receipts in Advance - Capital

2022/23 £'000	Grants, contributions and donations received	2023/24 £'000
(6,060)	Section 106	(6,401)
(90)	Other	(90)
(6,150)	**Total**	**(6,491)**

13.4 Grants Receipts in Advance - Revenue

2022/23 £'000	Grant, contribution or donation	2023/24 £'000
(389)	Commuted Sums - Various	(389)
(21)	Energy Bills Discretionary Fund Grant	-
(2,219)	Homes For Ukraine Grants	(660)
(1,222)	S38/S278 Developer Contributions	(1,346)
-	Domestic Violence Grants	(43)
-	Health Inequalities ICS Grant	(22)
-	Mayor's Free School Meals	(280)
(67)	Other Grants	(30)
(3,918)	**Total**	**(2,770)**

Note 14 - Property, Plant and Equipment

14.1 Movements Excluding Infrastructure

Movements in 2023/24

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
Cost or Valuation:								
At 1 April 2023	569,369	24,753	10,430	10,558	23,470	26,170	664,750	83,092
Additions	2,879	1,556	600	28	2,606	7	7,676	320
Revaluation (decreases) /increases recognised in the Revaluation Reserve	(18,245)	-	-	(672)	-	1,451	(17,466)	(3,973)
Revaluation decreases recognised in the Deficit on Provision of Services	(3,142)	-	-	(76)	-	-	(3,218)	-
De-recognition - Disposals	(21,426)	-	-	-	-	-	(21,426)	-
De-recognition - Other	-	(2,659)	-	-	-	-	(2,659)	-
Assets reclassified	14,189	-	342	(4,223)	(15,606)	-	(5,298)	-
Balance at 31 March 2024	**543,624**	**23,650**	**11,372**	**5,615**	**10,470**	**27,628**	**622,359**	**79,439**

Movements in 2023/24

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
Accumulated Depreciation and Impairment:								
At 1 April 2023	481	12,420	-	-	-	-	12,900	978
Depreciation charge	24,615	3,070	-	232	-	-	27,917	5,107
Depreciation written out to the Revaluation Reserve	(24,125)	-	-	(121)	-	-	(24,246)	(4,841)
Depreciation written out to the Deficit on Provision of Services	(616)	-	-	-	-	-	(616)	-
De-recognition - Disposals	(115)	-	-	-	-	-	(115)	-
De-recognition - Other	-	(2,660)	-	(110)	-	-	(2,770)	-
Balance at 31 March 2024	**240**	**12,829**	**-**	**1**	**-**	**-**	**13,070**	**1,243**
Net Book Value as at 31 March 2024	**543,384**	**10,821**	**11,372**	**5,614**	**10,470**	**27,628**	**609,288**	**78,196**
Net Book Value as at 31 March 2023	**568,888**	**12,334**	**10,430**	**10,558**	**23,470**	**26,170**	**651,850**	**82,114**

Movements in 2022/23

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
Cost or Valuation:								
At 1 April 2022	535,362	23,676	10,056	10,664	25,656	24,098	629,512	80,568
Additions	5,842	2,164	374	190	11,191	26	19,787	506
Revaluation increases/(decreases) recognised in the Revaluation Reserve	27,442	-	-	(990)	-	2,046	28,498	2,255
Revaluation increases/(decreases) recognised in the Deficit on Provision of Services	1,246	-	-	(162)	-	-	1,084	-
De-recognition - Disposals	(49)	-	-	(418)	-	-	(467)	-
De-recognition - Other	(235)	(1,091)	-	-	-	-	(1,326)	(237)
Assets reclassified	(239)	4	-	1,274	(13,377)	-	(12,338)	-
Balance at 31 March 2023	**569,369**	**24,753**	**10,430**	**10,558**	**23,470**	**26,170**	**664,750**	**83,092**

Movements in 2022/23

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
Accumulated Depreciation and Impairment:								
At 1 April 2022	1,641	10,531	-	-	-	-	**12,172**	914
Depreciation charge	21,764	2,979	-	179	-	-	**24,922**	4,381
Depreciation written out to the Revaluation Reserve	(21,554)	-	-	(159)	-	-	**(21,713)**	(4,080)
Depreciation written out to the Deficit on Provision of Services	(616)	-	-	-	-	-	**(616)**	-
De-recognition - Disposals	(20)	-	-	-	-	-	**(20)**	-
De-recognition - Other	-	(1,091)	-	-	-	-	**(1,091)**	(237)
Other Movements in Depreciation and Impairment	(734)	-	-	(20)	-	-	**(754)**	-
Balance at 31 March 2023	**481**	**12,419**	**-**	**-**	**-**	**-**	**12,900**	**978**
Net Book Value as at 31 March 2023	**568,888**	**12,334**	**10,430**	**10,558**	**23,470**	**26,170**	**651,850**	**82,114**
Net Book Value as at 31 March 2022	**533,721**	**13,145**	**10,056**	**10,664**	**25,656**	**24,098**	**617,340**	**79,654**

* Leisure centres held under Public Private Partnerships are included within Other Land & Buildings in the note, but are also shown in a separate column for ease of reference.

14.2 Movements in Infrastructure

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), the Council has made a choice that where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed to prove the judgement that the components being replaced are fully depreciation or that any remaining balance would not be material.

In accordance with the temporary relief offered by the 'Update to the Code and Specifications for Future Codes For Infrastructure Assets November 2022' this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2022/23 £'000	Movements in 2023/24	2023/24 £'000
163,257	**Net Book Value as at 31 March 2023**	**152,765**
4,334	Additions	6,234
(14,826)	Depreciation charge	(14,234)
152,765	**Net Book Value as at 31 March 2024**	**144,765**

14.3 Net Book Value of Property, Plant & Equipment

31-Mar-23 £'000	Net Book Value as at 31 March	31-Mar-24 £'000
152,765	Infrastructure Assets	144,765
651,850	Other Property, Plant & Equipment	609,288
804,615	**Total Property, Plant & Equipment**	**754,053**

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 and buildings 0 to 50 years
- infrastructure up to 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.

14.4 Capital Commitments

Significant capital expenditure commitments due after the year-end

2022/23 £'000	Expenditure commitment	2023/24 £'000
4,813	Schools Special Educational Needs Funding	11,289
1,092	Sidcup Regeneration	-
746	Erith Regeneration	1,344
8,850	Investment /future developments	-
141	Erith Cemetery	128
3,466	Highways Schemes	612
664	Housing Disabled Facilities Works	83
19,771	**Total**	**13,456**

Revaluations

The Council carries out a rolling programme that ensures that all property assets are revalued at their current value over a 5 year period. In addition to the planned revaluation rolling programme, all properties valued at over £1m and any other properties subject to a significant change during the year are revalued. All valuations were carried out by external valuers Wilkes Head and Eve.

All Surplus assets were also revalued to Fair Value, highest and best use in accordance with IFRS 13.

The Valuer has arrived at their opinion of Current Value and Fair Value from referring to recent comparable market transactions and are of the view that there are no assets within the portfolio that should be classed at Level 3 in the Fair Value hierarchy.

For Specialised properties, the Current Value has been derived using Depreciated Replacement Cost methodology.

PPE analysis showing those assets held at cost and those at valuation subdivided by the last revaluation date as of 31 March 2024.

14.5 Balances by valuation date at 31 March 2024

	Other Land and Buildings £'000	Vehicles, Plant & Equip-ment £'000	Infra-structure Assets £'000	Commun-ity Assets £'000	Surplus Assets £'000	Assets Under Construct-ion £'000	Heritage Operat-ional Assets £'000	Total PPE £'000
Carried at historic cost	-	10,821	144,765	11,372	-	10,470	-	**177,428**
Values at fair value as at:								
31-Mar-24	538,655	-	-	-	5,614	-	27,628	**571,897**
31-Mar-23	109	-	-	-	-	-	-	**109**
30-Mar-22	1,180	-	-	-	-	-	-	**1,180**
31-Mar-21	1,304	-	-	-	-	-	-	**1,304**
31-Mar-20	2,134	-	-	-	-	-	-	**2,134**
	543,384	**10,821**	**144,765**	**11,372**	**5,614**	**10,470**	**27,628**	**754,053**

14.6 Assets Held For Sale

2022/23 £'000		2023/24 £'000
-	**Balance at start of year**	**1,650**
4,403	Assets newly classified as held for sale – Property, Plant & Equipment	5,180
-	Assets newly classified as held for sale – Investment Property	7,239
114	Revaluation gains	-
(2,867)	Revaluation losses	(439)
-	Assets sold	(1,650)
1,650	**Balance at end of year**	**11,980**

Note 15 - Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

Cost or valuation	Art Collection £'000	Civic Regalia £'000	Monuments £'000	Heritage Land £'000	Heritage Buildings £'000	Total Assets £'000
At 1 April 2023	654	585	486	-	31,105	**32,830**
Additions	-	-	-	-	64	**64**
Transfers	-	-	-	-	9	**9**
Revaluations	160	41	-	-	1,897	**2,098**
Balance at 31 March 2024	**814**	**626**	**486**	**-**	**33,075**	**35,001**

Cost or valuation	Art Collection £'000	Civic Regalia £'000	Monuments £'000	Heritage Land £'000	Heritage Buildings £'000	Total Assets £'000
At 1 April 2022	714	262	486	-	28,642	**30,104**
Additions	-	-	-	-	86	**86**
Revaluations	(60)	323	-	-	2,377	**2,640**
Balance at 31 March 2023	**654**	**585**	**486**	**-**	**31,105**	**32,830**

Museum Collection

Approximately 21,000 items within the Council's 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 are valued on a replacement cost basis. Due to their specialist nature, the assessment of their replacement cost is undertaken by a specialist consultant on a three yearly cycle, the last assessment being in March 2024. This year an external valuer called BCH carried out the valuation.

Danson House is currently being used by the Registrar Service and so is classified 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 2 listed clocktowers in Bexley Heath and Crayford. These buildings are valued regularly on a replacement cost basis.

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 is valued on a replacement cost basis.

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 Neighbourhoods. All capitalised building maintenance budgets are the responsibility of the Director of Finance and Corporate Services, in the Finance and Corporate 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 Resources for approval.

Civic Regalia

The Civic Regalia Collection has been valued for insurance purposes and reported in the Balance Sheet. The Member Services Manager and Scrutiny Lead is responsible for the upkeep of the Council's Civic regalia. Repairs are undertaken on an ad-hoc basis as and when necessary and expenditure incurred would be charged to the Comprehensive Income and Expenditure Statement. The Council's Civic Regalia is displayed at the Civic Offices, 2 Watling Street, Bexleyheath 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.

Note 16 - Investment Properties

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 Statement.

Investment Properties income and expense

2022/23 £'000		2023/24 £'000
(2,414)	Rental Income from Investment Property	(3,031)
4,057	Net losses from Fair Value adjustments	3,000
223	Direct Operating Expenses arising from Investment Property	9
1,866	**Net (gain)/loss in the Cost of Services in the CIES**	**(22)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property portfolio 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.

The following table summarises the movement in the Fair Value of investment properties over the

Movement in the Fair Value of investment properties

2022/23 £'000		2023/24 £'000
60,508	**Balance at start of year 1 April**	**62,781**
7	Additions - Subsequent expenditure	53
(832)	Disposals	-
(4,057)	Net losses from Fair Value Adjustments	(3,000)
7,155	Transfers from Property, Plant and Equipment	-
-	Transfers to Assets Held for Sale	(7,239)
62,781	**Balance at end of year 31 March**	**52,595**

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.

16.2 - Fair Value Hierarchy of Investment Properties

IFRS Fair Value Hierarchy Levels 2023/24

	Fair Value £'000	Land £'000	Buildings £'000
1. Quoted prices in active markets for identical assets	-	-	-
2. Inputs other than quoted market prices included within Level 1 that are observable for the asset	52,595	21,241	31,354
3. Unobservable inputs for the asset	-	-	-
Balance at end of year 31 March	**52,595**	**21,241**	**31,354**

IFRS Fair Value Hierarchy Levels 2022/23

	Fair Value £'000	Land £'000	Buildings £'000
1. Quoted prices in active markets for identical assets	-	-	-
2. Inputs other than quoted market prices included within Level 1 that are observable for the asset	62,781	26,694	36,087
3. Unobservable inputs for the asset	-	-	-
Balance at end of year 31 March	**62,781**	**26,694**	**36,087**

Note 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 includes both purchased licences and internally generated software and is amortised on a straight-line basis.

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.

Software Intangible Assets

2022/23 £'000		2023/24 £'000
	Balance at start of year:	
4,900	Gross Carrying Amounts	5,228
(3,074)	Accumulated amortisation	(3,553)
1,826	**Net carrying amount at start of year**	**1,675**
-	Internal development	-
301	Purchases	22
(479)	Amortisation for the period	(532)
27	Other changes	-
1,675	**Net carrying amount at end of year**	**1,165**
	Comprising:	
5,228	Gross Carrying Amounts	5,251
(3,553)	Accumulated Amortisation	(4,086)
1,675	**Total**	**1,165**

Note 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 are those where the Fair Values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. These are reported at amortised cost.

Level 2 are those other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. They are reported at Fair Value through profit and loss.

Level 3 unobservable inputs for the asset or liability.

18.1 Financial Instruments - Balances

Some of the Council’s financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets

31/03/2023*				31-Mar-24		
Long Term £’000	Current £’000	Total £’000	Category of Financial Instrument Financial Assets	Long Term £’000	Current £’000	Total £’000
9,574	-	9,574	Amortised Cost - Level 2	9,574	-	9,574
-	64	64	Current value through profit and loss - Level 2	-	103	103
11,393	108	11,393	Current value through profit and loss - Level 1	10,455	117	10,572
20,967	**172**	**21,139**	**Total Investments**	**20,029**	**221**	**20,250**
10,103	21,491	31,594	Debtors - Level 1	9,053	21,211	30,264
-	41,012	41,012	Cash and Cash Equivalents - Level 1	-	27,700	27,700
31,070	**62,675**	**93,745**	**Total Financial Assets**	**29,082**	**49,132**	**78,214**

Financial Liabilities

31-Mar-23				31-Mar-24		
Long Term £’000	Current £’000	Total £’000	Financial Liabilities	Long Term £’000	Current £’000	Total £’000
(223,030)	(714)	(223,744)	Amortised Cost - Level 1	(220,325)	(3,606)	(223,931)
(23,241)	(3,170)	(26,411)	PFI and Finance Lease Liabilities - Level 2	(19,887)	(3,354)	(23,241)
(2,148)	(39,195)	(41,343)	Creditors - Level 1	(3,083)	(25,023)	(28,106)

-	-	-	Cash and Cash Equivalents Overdrawn - Level 1	-	(5,734)	(5,734)
(248,419)	**(43,079)**	**(291,498)**	**Total Financial Liabilities**	**(243,295)**	**(37,717)**	**(281,012)**

* Restated

18.2 Financial Assets and Liabilities that are carried at Amortised cost for which Fair Value disclosures are required

Financial Liabilities

31-Mar-23			31-Mar-24	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
223,744	208,588	Financial Liabilities	223,931	190,680
26,411	36,806	PFI and Finance Lease Liabilities	23,241	30,181
-	-	Cash and Cash Equivalents Overdrawn	5,734	5,734

The fair value of £191m is measured at the premature repayment rate. For other financial liabilities carried at amortised cost, carrying value are deemed to equate to their fair value.

Financial Assets

31-Mar-23			31-Mar-24	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
38,910	38,910	Cash and Cash Equivalents (MMF)	27,700	27,700

For other financial assets carried at amortised cost, carrying values are deemed to equate to their fair value.

18.3 - Categories of Financial Assets and Liabilities

Financial Assets

31-Mar-23						31-Mar-24				
Investments		Debtors and Cash				Investments		Debtors and Cash		
Non-Current	Current	Non-Current	Current	Total	Financial Assets	Non-Current	Current	Non-Current	Current	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
11,393	172	-	-	11,565	Fair value through profit and loss	10,455	221	-	-	10,676
9,574	-	10,103	62,503	82,180	Amor-tised Cost	9,574	-	9,053	48,911	67,538
20,967	**172**	**10,103**	**62,503**	**93,745**	**Total Financial Assets**	**20,029**	**221**	**9,053**	**48,911**	**78,214**

Financial Liabilities

31-Mar-23						31-Mar-24				
Borrowing		Creditors*				Borrowing		Creditors*		
Non-Current	Current	Non-Current	Current	Total	Financial Liabilities	Non-Current	Current	Non-Current	Current	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(223,030)	(714)	(25,389)	(42,365)	(291,498)	Amor-tised Cost	(220,325)	(3,606)	(22,035)	(34,111)	(280,077)
(223,030)	**(714)**	**(25,389)**	**(42,365)**	**(291,498)**	**Total Financial Liabilities**	**(220,325)**	**(3,606)**	**(22,035)**	**(34,111)**	**(280,077)**

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

* Creditors figure in the above table (and in the Balance Sheet) include the PFI and Finance Lease liabilities that are shown separately from the rest of the creditors in the table in note 18.1. They are separated in note 18.1 because they fall into different categories of financial instrument (level 1 and level 2).

18.4 - Comprehensive Income and Expenditure Statement disclosures

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up of the following:

Surplus or Deficit on the Provision of Services 2022/23 £'000	Net gains/losses	Surplus or Deficit on the Provision of Services 2023/24 £'000
2,917	Financial assets measured at fair value through profit or loss - unrealised loss	938
2,917	**Total net gains/losses**	**938**

The in-year unrealised loss (£0.938m) resulted from the revaluation of the property pooled funds. The revenue impact of unrealised gains/losses is transferred out of the Comprehensive Income and Expenditure Statement and held in the Pooled Investment Fund Adjustment Account, in accordance with the IFRS9 statutory override.

2023/24 £'000	Interest revenue	2023/24 £'000
(1,132)	financial assets measured at amortised cost	(2,967)
(534)	other financial assets measured at fair value through other comprehensive income	(574)
(1,666)	**Total**	**(3,541)**

18.5 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

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 that 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 was invested for periods of up to one year. No new long term investments were made during the year. The remaining investments met the Council's approved lending criteria as laid out in its Treasury Management Strategy. The portfolio consists of 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 the impact of the IFRS 9 Statutory override in 2020/21 means that they did not affect revenue. Current changes in capital value are not material and changing trends are currently being monitored by Bexley treasury management staff in consultation with the Council's financial advisors, Link Asset Services.

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

Maximum

31-Mar-23 £'000		31-Mar-24 £'000
6,126	Opening Balance	3,188
(2,938)	- Loans repaid	(205)
-	**Balance carried forward**	**-**
3,188	**Nominal value of loans**	**2,983**

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

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 maturity analysis of financial liabilities (at nominal value) - Loans outstanding

31-Mar-23 £’000	Loans outstanding	31-Mar-24 £’000
223,378	PWLB	223,346
223,378	**Total**	**223,346**

The maturity analysis of financial liabilities (at nominal value) - Maturity Profile

31-Mar-23 £'000	Maturity Profile	31-Mar-24 £'000
31	Less than 1 year	2,731
2,731	Maturing between 1 and 2 years	4,031
10,048	Maturing between 2 and 5 years	11,016
24,068	Maturing between 5 and 10 years	23,768
13,200	Maturing between 10 and 15 years	15,000
6,500	Maturing between 15 and 20 years	-
6,000	Maturing between 20 and 25 years	9,000
25,500	Maturing between 25 and 30 years	30,300
41,800	Maturing between 30 and 35 years	40,500
42,500	Maturing between 35 and 40 years	44,500
42,500	Maturing between 40 and 45 years	34,000
8,500	Maturing over 45 years	8,500
223,378	**Total**	**223,346**

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 Expenditure Statement 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:

Market risk

31-Mar-23 £'000		31-Mar-24 £'000
-	Increase in interest payable on variable rate debt	-
-	Increase in interest receivable on variable rate investments	-
-	**Net Impact on Comprehensive Income and Expenditure - Gain**	**-**
-	Decrease in fair value of loans and receivables	-
(47,754)	Decrease in fair value of fixed-rate borrowings liabilities	(17,908)

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 the exchange rate.

Note 19 - Inventories

2022/23 £'000		2023/24 £'000
2,960	Balance outstanding at start of year	3,544
765	Purchases	757
(181)	Recognised as expense in year	(487)
3,544	**Balance outstanding at year end**	**3,814**

Note 20 - Debtors

20.1 Short Term Debtors

31-Mar-23 £'000		31-Mar-24 £'000
50,934	Trade receivables	51,237
5,335	Prepayments	5,873
6,420	Other receivable amounts	6,740
62,689	**Total Short Term Debtors**	**63,850**

The total short term debtors is shown net of impairment loss provision of £33.491m (2022/23 £30.194m).

20.2 Long Term Debtors

31-Mar-23 £'000		31-Mar-24 £'000
2,738	BexleyCo	2,738
2,999	Finance Leases	2,959
1,065	Long Term Prepayments	933
458	Mortgages	456
110	Schools PFI Prepayment	110
450	Thames Innovation Centre	450
2,226	Waste Fleet Debtor	1,352
57	Other Long-Term Debtors	55
10,103	**Total Long Term Debtors**	**9,053**

Note 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 Council holds a total of £4.344m under appointeeship or deputyship accounts.

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

31-Mar-23 £'000		31-Mar-24 £'000
2,102	Bank Current Accounts	(5,734)
38,910	Short term deposits with Building Societies	27,700
41,012	**Total Cash and Cash Equivalents**	**21,966**

Note 22 - Short Term Creditors

31-Mar-23 £'000		31-Mar-24 £'000
(38,034)	Trade Payables	(24,457)
(30,088)	Other Payables	(23,816)
(68,122)	**Total Short Term Creditors**	**(48,273)**

Note 23 - Provisions

Provisions are amounts set aside to meet future material liabilites of uncertain timing and amount.

Non-Current Provisions

	Insurance	Business Rate Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2023	**1,739**	**-**	**-**	**1,739**
Increase in provision	167	-	-	167
Utilised during year	(251)	-	-	(251)
Balance at 31 March 2024	**1,655**	**-**	**-**	**1,655**

Current Provisions

	Insurance	Business Rate Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2023	**406**	**2,502**	**-**	**2,908**
Increase in provision	519	2,172	121	2,812
Utilised during year	(288)	(1,776)	-	(2,064)
Closing Balance at 31 March 2024	**637**	**2,898**	**121**	**3,656**

Insurance Provision

The Council operates an Insurance Provision which is funded from contributions from revenue accounts and is used to pay claims which fall below the excess. 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. 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:

Areas of risk

Risk	Excess £m	Stop Loss £m
Fire - Education properties	0.250	1.000
Fire - Other properties	0.100	0.400
Liability	0.125	1.250
Motor	0.025	0.100

Business Rates Appeals

Bexley, as a billing authority, 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 2023/24 and earlier financial years. Assets and liabilities relating to business rates are shared between the Government, Bexley and the Greater London Authority. The provision shown above is the Council’s share of the total amount.

Note 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.

2022/23 £'000		Note	2023/24 £'000
(14,360)	General Fund	10	(14,360)
(52,876)	Earmarked Reserves	10	(46,811)
(498)	Capital Receipts Reserve		(1,044)
(9,006)	Capital Grants Unapplied		(24,169)
(76,740)	**Total Usable Reserves**		**(86,384)**

Note 24a - Usable Capital Receipts Reserve

The capital receipts are income from the sale of long-term assets and repayments of capital advances.

2022/23 £’000		2023/24 £’000
(859)	**Balance 1 April**	**(498)**
(1,242)	Transfer from Deferred Capital Receipts	(887)
(1,734)	Sale of other land and building	(1,029)
(2,976)	**Total Receipts In Year**	**(1,916)**
1,000	Capital receipts used for revenue financing	-
2,337	Capital receipts used for capital financing	1,370
(498)	**Balance 31 March**	**(1,044)**

Note 24b - Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received that have not yet been utilised on the capital projects to which they relate. The grants are not assumed to have any conditions attached that would trigger a repayment to the original provider.

2022/23 £’000		2023/24 £’000
(6,537)	**Balance 1 April**	**(9,006)**
(19,342)	Add grants and contributions received	(23,324)
16,873	Less grants and contributions applied	8,161
(9,006)	**Balance 31 March**	**(24,169)**

Note 25 - Unusable Reserves

31-Mar-23 £'000		Note	31-Mar-24 £'000
(424,796)	Revaluation Reserve	25.1	(413,512)
(219,584)	Capital Adjustment Account	25.2	(183,606)
1,155	Financial Instruments Adjustment Account	25.3	1,120
(5,992)	Deferred Capital Receipts Reserve	25.4	(5,087)
(57,484)	Pension Reserve	25.5	6,090
(1,903)	Collection Fund Adjustment Account	25.6	2,868
2,277	Accumulated Absences Account	25.7	2,170
16,335	Dedicated Schools Grant Adjustment Account	25.8	16,335
1,612	Pooled Investment Fund Adjustment Account	25.9	2,550
(688,380)	**Total**		**(571,072)**

25.1 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 are:

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

The Reserve contains only revaluation gains accumulated since 1 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.

2022/23 £'000	Revaluation Reserve	2023/24 £'000
(388,404)	**Balance at 1 April**	**(424,796)**
(50,619)	Upward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(8,878)
14,017	Difference between fair value depreciation and historical cost depreciation	16,987
210	Accumulated gains on assets sold or scrapped	3,175
(424,796)	**Balance at 31 March**	**(413,512)**

25.2 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 amortisations are charged to the Comprehensive Income and Expenditure Statement. 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.

2022/23 £'000	Capital Adjustment Account	2023/24 £'000
(226,412)	**Balance at 1 April**	**(219,584)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
39,748	Charges for depreciation of non-current assets	42,151
(1,178)	Revaluation (gains)/losses on non-current assets	3,040
479	Amortisation of intangible assets	532
(339)	Deferred income written down	(339)
4,844	Revenue expenditure funded from capital under statute	5,652
1,515	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	22,961
45,069	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**73,997**
(14,227)	Adjusting Amounts written out of the Revaluation Reserve	(20,163)
30,842	**Net written out amount of the cost of non-current assets consumed in the year**	**53,834**
	Capital financing applied in the year:	
(2,337)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,370)
(13,576)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,940)
(3,298)	Application of grants to capital financing from the Capital Grants Unapplied Account	(2,221)
(6,668)	Provision for the financing of capital investment charged against the General Fund	(9,442)
(2,192)	Capital expenditure charged against the General Fund	(1,883)
(28,071)	**Capital financing applied in year**	**(20,856)**
4,057	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,000
(219,584)	**Balance at 31 March**	**(183,606)**

25.3 Financial Instrument Adjustment 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 or benefitting from gains per statutory provisions.

Premiums and Discounts

The Code requires that, unless directly attributable to a loan held on 31 March 2007, all premiums and discounts carried on the balance sheet be written off to the General Fund balance at 1 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 1 April 2007 are charged to the General Fund. Exceptions are permitted where they meet the modification criteria prescribed in the Code. 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 than market rates, 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 mitigated 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 by a 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 charged 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 9 November 2007, regulations permit authorities to charge interest to the General Fund balance at either:

a) The effective interest rate or
a) 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 Adjustment Account via the Movement in Reserves Statement and released back to the General Fund balance for

The transactions reflected in the FIAA are as follows:

2022/23 £'000	Financial Instrument Adjustment Account	2023/24 £'000
1,191	**Balance at 1 April**	**1,155**
(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	(35)
1,155	**Balance at 31 March**	**1,120**

25.4 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the 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.

2022/23 £'000	Deferred Capital Receipts Reserve	2023/24 £'000
(7,251)	**Balance at 1 April**	**(5,992)**
-	Transfer of Deferred sale proceeds	-
1,242	Transfer to the Capital Receipt Reserve	887
17	Write down of finance Lease Long Term Debtor	18
(5,992)	**Balance at 31 March**	**(5,087)**

25.5 Pension Reserve

The Pensions 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 Pensions 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.

2022/23 £'000	Pension Reserve	2023/24 £'000
103,237	**Balance at 1 April**	**(57,484)**
(177,192)	Actuarial gains on pensions assets and liabilities	64,417
26,162	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	7,583
(9,691)	Employer's pensions contributions and direct payments to pensioners payable in the year	(8,426)
(57,484)	**Balance at 31 March**	**6,090**

25.6 Collection Fund Adjustment Account

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

2022/23 £'000	Collection Fund Adjustment Account	2023/24 £'000
7,438	**Balance at 1 April**	**(1,903)**
(9,341)	Amount by which council tax and non-domestic 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	4,771
(1,903)	**Balance at 31 March**	**2,868**

25.7 Accumulated Absences Account

The Accumulated Absences Account absorbs the difference 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.

2022/23 £'000	Accumulated Absences Account	2023/24 £'000
2,256	**Balance at 1 April**	**2,278**
(2,256)	Settlement or cancellation of accrual made at the end of the preceding year	(2,278)
2,278	Amounts accrued at the end of the current year	2,170
2,278	**Balance at 31 March**	**2,170**

25.8 DSG Adjustment Account

The DSG Adjustment Account holds accumulated deficits relating to the schools budget since 1 April 2020.

2022/23 £'000	DSG Adjustment Account	2023/24 £'000
16,335	**Balance at 1 April**	**16,335**
-	Reporting of Schools Budget Deficit to new Adjustment Account	-
	Amount by which school budgets have increased the deficit	-
16,335	**Balance at 31 March**	**16,335**

25.9 Pooled Investment Fund Adjustment Account

2022/23 £'000	Pooled Investment Fund Adjustment Account	2023/24 £'000
(1,305)	**Balance at 1 April**	**1,612**
2,917	Reversal of amounts credited to Comprehensive Income and Expenditure account with respect to fair value of investments	938
1,612	**Balance at 31 March**	**2,550**

Note 26 - Cash Flow Statement - Operating Activities

To arrive at the net cash flows from operating activities, the cash flow statement takes the surplus or deficit on provision of services and adjusts for non-cash movements and for items that are investing or financing activities.

The adjustments for non-cash movements are as follows:

2022/23 £'000		2023/24 £'000
39,748	Depreciation	42,151
(1,178)	Impairment and downward valuations	3,040
479	Amortisation	532
16	Increase in impairment for bad long-term debts	-
(32,564)	Decrease in creditors	(13,797)
18,431	Increase in debtors	(243)
(583)	Increase in inventories	(270)
16,471	Movement in pension liability	(843)
1,515	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	22,961
4,057	Movement in fair value of investment properties	3,000
323	Other non-cash items charged to the net surplus or deficit on the provision of services	1,602
46,715	**Totals**	**58,133**

The adjustments for items that are investing and financing activities are as follows:

2022/23 £'000		2023/24 £'000
(1,500)	Proceeds from long-term investments	-
(1,734)	Proceeds from Sale of PPE, Investment Property and Intangibles	(1,029)
2,917	Movements on Financial Instruments – Pooled Investment Funds	-
(19,954)	Any other items for which cash effects are investing or financing cash flows	(23,324)
(20,271)	**Totals**	**(24,353)**

Note 27 - Cash Flow Statement - Investing Activities

2022/23 £'000		2023/24 £'000
(19,514)	Purchase of Property Plant and Equipment, Investment Property and Intangible assets	(15,395)
(270)	Purchase of short-term and long-term investments	-
(207)	Other payments for investing activities	-
1,734	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,915
18,897	Other receipts from investing activities	23,958
640	**Net cash flows from investing activities**	**10,478**

Note 28 - Cash Flow Statement - Financing Activities

2022/23 £'000		2023/24 £'000
(315)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(2,832)
(34)	Repayments of short- and long-term borrowing	(31)
(4,557)	Other payments for financing activities	(8,317)
(4,906)	**Net cash flows from financing activities**	**(11,180)**

Note 29 - Pooled Budgets

The Council operated pooled funds with Bexley NHS Clinical Commissioning Group (CCG) to support the integration of health and social care services. The funds were administered under an agreement based on Section 75 of the National Health Service Act 2006. Contributions from the parties and expenditure and income for the year are summarised below.

Under the terms of the new Section 75 agreement approved in 2021/22, the former separate pooled funds for Mental Health, Learning Disability and Community Equipment are now subsumed into one Better Care Fund Pooled Fund, as reflected in the summary below. The London Borough of Bexley was the host for the Better Care Pooled Fund. Each party accounted for its own transactions.

Better Care Fund

2022/23 £'000		2023/24 £'000
2,965	Disabled Facilities Grant	3,224
6,616	Improved Better Care Fund	6,616
23,660	Winter Funding	-
18,455	LB Bexley additional contribution	23,956
30,174	NHS Bexley CCG minimum contribution	19,500
2,073	NHS Bexley CCG additional contribution	29,061
83,943	**Gross Income**	**82,357**
7,771	Balance brought forward 1 April	7,945
91,714	**Total Resource available**	**90,302**
2,965	Disabled Facilities Grant	3,224
6,616	Improved Better Care Fund	6,616
23,660	Winter Funding	-
18,455	LB Bexley additional contribution	23,956
30,230	NHS Bexley CCG minimum contribution	19,500
1,843	NHS Bexley CCG additional contribution	29,061
83,769	**Gross Expenditure**	**82,357**
	ICB Net Spend:	6,551
7,945	**Unused Improved Better Care Fund carried forward 31 March**	**1,394**

Note 30 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

2022/23 £'000		2023/24 £'000
674	**Allowances**	713
2	**Expenses**	-
676	**Totals**	**713**

Note 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 Council's External Auditors Ernst and Young LLP.

2022/23* £'000		2023/24 £'000
129	Fees payable to Ernst and Young with regard to Audit Services	368
29	Fees payable to external auditors for the certification of grant claims and returns during the year	48
-	Additional fees for Audit Services in 2021/22 above the amount previously reported	25
19	Additional fees for the certification of grant claims & returns above the amounts previously reported	17
177	**Totals**	**458**

*Restated

The additional fees determined by PSAA for the 2021/22 audit were £0.125m. £0.100m was reported in the disclosure note for 2021/22, leaving £25,000 reported in the 2023/24 column.

In 2022/23, £29,000 was reported as the estimated cost of the certification of grant claims and returns during the year. The actual cost of these claims in 2023/24 was £48,000, leaving £19,000 reported as an additional fee in the 2022/23 column.

In 2021/22, £29,000 was reported as the estimated cost of the certification of grant claims and returns during the year. The actual cost of these claims (plus one claim from a prior year) was £46,000, leaving £17,000 reported as an additional fee in the 2023/24 column.

Note 32 - Officers' Remuneration

Note 32.1 Senior Officers' Remuneration

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 Corporate Leadership Team, the Director of Public Health and the statutory Monitoring Officer - in Bexley, this is the Deputy Director of Corporate Services.

The remuneration paid to the Council's Senior Employees in 2023/24

Post Holder information	Year	Salary, fees & allowances	Election Expenses	Total Remuneration excluding Pension Contributions	Pension Contributions	Totals
		£	£	£	£	£
Interim Chief Executive - Paul Thorogood from 23/10/2023	2023/24	89,324	-	**89,324**	13,355	**102,679**
Chief Executive - Jackie Belton to 22/10/2023	2023/24	117,556	-	**117,556**	17,582	**135,138**
Director of Adult Social Care & Health - Yolanda Dennehy from 17/03/2024	2023/24	6,102	-	**6,102**	921	**7,023**
Director of Adult Social Care & Health - Stuart Rowbotham to 16/03/2024	2023/24	188,512	-	**188,512**	28,465	**216,977**
Director of Children's Services - Stephen Kitchman	2023/24	184,537	-	**184,537**	27,865	**212,402**
Director of Place - Matthew Norwell	2023/24	166,645	-	**166,645**	25,163	**191,808**
Director of Public Health	2023/24	130,313	-	**130,313**	19,677	**149,990**
Interim Director of Finance and Corporate Services - Caroline Holland from 09/11/2023	2023/24	70,875	-	**70,875**	-	**70,875**

Post Holder information	Year	Salary, fees & allowances	Election Expenses	Total Remuneration excluding Pension Contributions	Pension Contributions	Totals
		£	£	£	£	£
Director of Finance and Corporate Services - Paul Thorogood to 22/10/2023	2023/24	96,150	-	**96,150**	14,519	**110,669**
Deputy Director of Legal and Democratic Services (Monitoring Officer)	2023/24	108,940	-	**108,940**	16,450	**125,390**
Interim Head of Risk and Assurance from 19/12/2023	2023/24	52,372	-	**40,915**	-	**40,915**
Head of Communications and Marketing from 23/10/2023	2023/24	26,927	-	**26,927**	4,066	**30,993**
Head of Strategy, Performance & Complaints from 23/10/2023	2023/24	25,505	-	**25,505**	3,851	**29,356**
Manager/Business Partner (Adults) - Altin Bozhani	2023/24	153,373	-	**153,373**	-	**153,373**
TOTALS		**1,405,674**	**-**	**1,405,674**	**171,914**	**1,577,588**

* For the period 23 October 2023 to 8 November 2023, Paul Thorogood was covering the Chief Executive and Director of Finance & Corporate Services posts

* The Chief Executive Directorate was set up on 23 October 2023
* A member of staff who held the post of Head of Risk and Assurance during the year received remuneration of less than £1,000 during the year and has therefore been excluded from the table on the basis of materiality.

The remuneration paid to the Council's Senior Employees in 2022/23

Post Holder information	Year	Salary fees & allowances	Election Expenses	Total Remuneration excluding Pension	Pension Contributions	Totals
		£	£	£	£	£
Chief Executive - Jackie Belton	2022/23	197,796	-	**197,796**	35,306	**233,102**
Director of Adult Social Care & Health - Stuart Rowbotham	2022/23	178,684	-	**178,684**	31,181	**209,865**
Director of Children's Services - Stephen Kitchman	2022/23	169,994	-	**169,994**	29,536	**199,530**
Director of Place - Matthew Norwell	2022/23	155,503	438	**155,941**	27,031	**182,972**
Director of Public Health from 20/7/22	2022/23	88,503	-	**88,503**	15,423	**103,926**
Director of Public Health to 19/7/22	2022/23	68,292	-	**68,292**	-	**68,292**
Director of Finance and Corporate Services - Paul Thorogood	2022/23	164,198	438	**164,636**	28,498	**193,134**
Deputy Director of Legal and Democratic Services (Monitoring Officer)	2022/23	104,944	438	**105,382**	18,013	**123,395**
TOTALS		**1,127,914**	**1,314**	**1,129,228**	**184,988**	**1,314,216**

Note 32.2 Remuneration Bands

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.

Number of Council employees (including teachers) whose remuneration was £50,000 or more in bands of £5,000

	2022/23 Number of Employees		2023/24 Number of Employees	
Remuneration Band	**Number of Non-Teaching Employees**	**Number of Teaching Employees**	**Number of Non-Teaching Employees**	**Number of Teaching Employees**
£50,000 - £54,999	93	16	100	31
£55,000 - £59,999	57	14	61	12
£60,000 - £64,999	24	6	44	12
£65,000 - £69,999	21	2	26	4
£70,000 - £74,999	17	6	16	3
£75,000 - £79,999	8	5	10	4
£80,000 - £84,999	3	-	4	6
£85,000 - £89,999	2	1	3	1
£90,000 - £94,999	4	1	2	1
£95,000 - £99,999	-	-	2	2
£100,000 - £104,999	3	-	1	-
£105,000 - £109,999	2	-	1	-
£110,000 - £114,999	1	-	-	-
£115,000 - £119,999	-	-	2	-
£120,000 - £124,999	1	-	-	-
£125,000 - £129,999	-	-	1	-
Over £130,000	-	-	1	-
Totals	**236**	**51**	**274**	**76**

One person whose remuneration would have otherwise been below £50,000 is included in the £50,000 - £54,999 band because of a redundancy payment.

Note 32.3 Exit Packages

The numbers of exit packages with a 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		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**
							£	**£**
£0 - £20,000	-	4	4	3	4	7	20,892	51,389
Totals	**-**	**4**	**4**	**3**	**4**	**7**	**20,892**	**51,389**

Note 33 - Dedicated Schools Grant

The Council's expenditure on Schools is funded primarily by the Dedicated Schools Grant (DSG). The DSG allocation is calculated on a pupils based formulae. An element of DSG is recouped by the department to fund academy schools in the area. The Central element of the Schools Budget covers local authority expenditure on high needs, early years, pupil-related revenue costs arising from schools expansion and certain specified central services. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. Details outlining the deployment of DSG received for 2022/23 and 2023/24 are as follows:

Expenditure on Schools

2022/23				2023/24		
Central Expenditure £'000	Individual Schools Budget £'000	Total £'000	Deployment of Dedicated Schools Grant	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
		(269,620)	Final DSG before Academy and high needs recoupment			(286,853)
		177,439	Final Academy figure recouped			188,353
		9,144	Final High Needs Recoupment			9,835
		(83,037)	**Total DSG after Academy & High Needs recoupment**			**(88,665)**
(38,188)	(44,849)	(83,037)	Agreed initial budgeted distribution	(42,877)	(45,788)	(88,665)
(12,309)	-	(12,309)	In year adjustments	(2,899)	-	(2,899)
(50,497)	**(44,849)**	**(95,346)**	**Final budgeted distribution of DSG Funds**	**(45,776)**	**(45,788)**	**(91,564)**
39,622	-	39,622	Less: Actual Central Expenditure	44,957	-	44,957
	44,849	44,849	Less: Actual ISB deployed to schools	-	45,788	45,788
-	-	-	Plus: Local authority contribution for 2023/24	(200)	-	(200)
(10,875)	**-**	**(10,875)**	**In Year Carry-forward to 2023/24**	**(1,019)**	**-**	**(1,019)**
		-	Plus: Carry-forward to next year agreed in advance			(10,875)
		(10,875)	**Carry-forward to next year**			**(11,894)**
		16,335	DSG unusable reserve b/f from end of previous year			16,335

-	Addition to DSG unusable reserve at the end of the year	-
16,335	**Total of DSG unusable reserve at 31 March**	**16,335**
5,460	**Net DSG position at the end of the year**	**4,441**

Bexley has entered into an agreement with the Department for Education under the Safety Valve Programme aimed at eliminating the deficit on the Dedicated Schools Grant which has arisen in recent years due to cost pressures within the High Needs budget. The agreement sets out a six year plan for how Bexley will mitigate cost pressures to arrive at an in-year balance on the budget by 2027/28 and to eliminate the accumulated deficit by March 2029. As part of the agreement the Department for Education has agreed additional Dedicated Schools Grant funding and an initial instalment of £11.960m was received in March 2023. Further instalments totalling £3.490m were received during 2023/24.

As at 31 March 2023 Bexley had accumulated a deficit of £5.460m, represented by a deficit of £16.335m in the DSG unusable reserve and a surplus in the DSG earmarked reserve of £10.875m. In 2023/24, Bexley had an in-year surplus of £1.019m. A carry forward of £10.875m to 2024/25 has been agreed in advance. The net accumulated position on the Dedicated Schools Grant therefore stands at a deficit of £4.441m as at 31 March 2024.

The 2023/24 outturn was assisted by an accelerated receipt of Safety Valve funding of £0.930m, received in March 2024 rather than in 2024/25 as originally anticipated.

Note 34 - Other Long Term Liabilities

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

31-Mar-23 £'000	Liabilities	31-Mar-24 £'000
(20,857)	PFI/PPP contracts	(18,441)
(2,384)	Finance leases	(1,445)
(4,580)	Other	(3,519)
(27,821)	**Total**	**(23,405)**

Note 35 - Related Parties

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 who 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 2023/24. In addition, there are separate disclosures elsewhere within the accounts for senior officer remuneration and members' allowances.

Some of the appointments listed below continued throughout 2023/24. 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.

Members

The following Members held positions of control or significant influence in related parties to the Council during 2023/24:

- Councillor Teresa O'Neill OBE held the position of Vice-Chair of the London Government Association until July 2023, and was on the London Councils Committee
- Councillor Andrew Curtois is a Director of the Engine House
- Councillor Brian Bishop is a director of North Kent Masonic Hall Limited
- Councillor Cafer Munur is a Director of Bexleyheath Business Partnership Ltd and has a close family member who is a Director of Just Therapy Ltd
- Councillor Cameron Smith is a Director of Greater Digital Ltd
- Councillor Cheryl Bacon is the Director of the Engine House
- Councillor Daniel Francis is an Unpaid Director of the Belvedere Community Forum
- Councillor David Leaf is the Vice-Chair of the London Councils Grants Committee, a Local Government Association Resources Board member, and the Chairman of the Eltham Crematorium Committee
- Councillor Geraldene Lucia- Hennis is Director of Dartford and Crayford Creek Restoration
- Councillor James Hunt is a Non-Executive Director of Bird College, a Trustee of Bexley District Scouts, a Trustee of Greater London South East Scouts Council and Chair of 1st North Cray Scout Group
- Councillor John Davey is Chairman of the Bexley Arts Trust and a Board Member of the Engine House
- Councillor Patrick Adams is a Director of the Engine House and a Director of Sound Core Ltd

- Councillor Peter Craske is and Executive Member of the London Councils Transport and Environment Committee
- Councillor Rags Sandhu is a Trustee of Dartford Lions Club
- Councillor Richard Diment is a Director of Eltham Crematorium Joint Committee
- Councillor Sally Hinkley is a Director of the Belvedere Community Centre and Trustee & Treasurer of St Augustines pre-school
- Councillor Steven Hall is the representative on the London Councils Greater London Employment Forum
- Councillor Sue Gower has a close family member who is the Chief Executive Officer of Crossroads Care SE London

Council Officers

Officer Matthew Norwell is Trustee of The Marlow Trust

Officer Jackie Belton is Director of Public Private Partnerships Limited, 4PS Limited and Kelling Associates Ltd

Officer Patricia Narebor is a Director of LLG Enterprises Ltd

Transactions identified for 2023/24

Organisation	Loan £'000	Expenditure £'000	Income £'000	Debtor £'000	Creditor £'000
Bexley Arts Trust	-	2	2	-	-
BexleyCo Ltd	2,943	-	338	53	13
Bexleyheath Business Partnerships Ltd	-	307	68	15	-
Bird College	-	-	-	-	-
Crossroads Care SE London	-	-	30	-	21
Eltham Crematorium	-	-	192	-	-
Friends of Lesnes Abbey - Friends Art Group	-	-	1	-	-
London Councils Grants Committee	-	-	20	-	-
North Kent Masonic Hall	-	-	4	-	-
St Augustines Pre School	-	83	-	-	-
The Engine House Bexley Ltd	-	12	73	3	-
	2,943	**404**	**727**	**71**	**34**

Creditors relating to BexleyCo Ltd were £13,000 at 31 March 2024. The BexleyCo Ltd Loans of £2.943m shown above includes £0.205m of shareholder loans which are held in Long Term Investments in the Balance Sheet.

Engine House Bexley Limited (formerly Thames Innovation Centre -TIC)

The Engine House 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 £0.450m as of 31 March 2018 under a loan agreement dated 14 March 2007. No interest was charged within the initial ten year period from the date of the agreement.

Under a service level agreement dated 29 March 2007, the Council is entitled to reasonable free use of TIC's facilities.

Furniture and equipment valued at £0.432m were transferred from the Council to TIC on 29 March 2007. These assets will revert back to the Council at the end of the service level agreement on 31 March 2027. There is a further loan agreement dated 10 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 is charged at 0.5% above the Public Works Loan Board 10 year annuity rate.

As of 31 March 2024, the amount outstanding on the loan facilities was £0.450m plus accrued interest of £0.103m.

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 the sole shareholder. Its primary activity will contribute to the Council's 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 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.

As of the 31 March 2024, the Council had made loans to Bexley Co of £2.533m for development at Sargasso House, £7.513m for development at Old Farm Place and £0.409m for development at Sedgemere Road. The Old Farm Place loan has been fully repaid (£5m in 2021/22 and £2.513m in 2022/23). The outstanding balance of loans and other debtors from BexleyCo Ltd is shown in the table above.

The audited accounts for BexleyCo as of 31 March 2024, showed a net loss of £0.270m (net profit of £1.947m 2022/23) and a net assets balance of £9.469m (£9.752m in 2022/23).

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 £0.284m to the Pension Fund in 2023/24 (£0.228m in 2022/23) for administration costs. The Interim Director of Finance & Corporate Services for the London Borough of Bexley allocates 5% of their time to the Pension Fund. During the year, no Council Members or designated officers have undertaken any declarable transactions with the Pension Fund. There are 11 Council members who sit as members of the Pensions Committee.

Note 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 the 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 CFR is analysed in the second part of this note.

2022/23 £'000		2023/24 £'000
276,278	**Opening Capital Financing Requirement**	**274,898**
	Capital Investment:	
24,121	Property, Plant and Equipment	13,910
86	Heritage Assets	64
7	Investment Properties	53
301	Intangible Assets	22
4,845	Revenue Expenditure Funded from Capital Under Statute	5,652
270	Investment in Subsidiaries - Equities	-
29,630	**Total Capital Investment**	**19,701**
	Sources of Finance:	
(2,337)	Capital Receipts	(1,370)
(15,821)	Government Grants and other contributions	(8,070)
(2,112)	Developers' Contributions	(91)
(1,133)	Sums set aside from revenue - Reserves and Revenue Budgets	(1,883)
	Loan Repayments:	
(2,939)	Bexley Co Loan Repayment	-
(24,342)	**Total sources of finance**	**(11,414)**
5,288	Increase in underlying need to borrow	8,287
-	Assets acquired under Finance Leases	-
-	Lothbury Property Trust	-
(6,668)	MRP	(9,442)
(1,380)	**Decrease in Capital Financing Requirement**	**(1,155)**
274,898	**Closing Capital Financing Requirement**	**273,743**

Note 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 - including interest

2022/23 £'000	Finance Lease Receivable	2023/24 £'000
18	Current	20
2,846	Non-Current	2,826
10,977	Interest	10,713
13,841	**Total**	**13,559**

Gross Investment in Lease

2022/23 £'000	Number of years	2023/24 £'000
281	Not later than one year	281
1,126	Later than one year and not later than five years	1,126
12,434	Later than five years	12,152
13,841	**Total**	**13,559**

Minimum Lease Payments - excluding interest (by period due)

2022/23 £'000	Number of years	2023/24 £'000
18	Not later than one year	20
94	Later than one year and not later than five years	103
2,753	Later than five years	2,723
2,865	**Total**	**2,846**

Operating Leases

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

2022/23 £'000	Number of years	2023/24 £'000
3,429	Within one year	2,948
9,599	Within two to five years	8,598
113,944	Over five years	111,078
126,972	**Minimum Lease Payments**	**122,624**

Council as Lessee

Finance Leases

The Council leases 49 vehicles for waste collection and recycling from Countrystyle; the contract is due to last until March 2031. The following information presents the minimum lease payments due and the balance of outstanding liabilities as of the year-end.

Minimum Lease Payments - including interest

2022/23 £'000	Finance Lease Payable	2023/24 £'000
924	Current	938
2,384	Non-Current	1,445
298	Finance costs payable in future years	200
3,606	**Total**	**2,583**

Minimum Lease Payments - including interest (by period due)

2022/23 £'000	Number of years	2023/24 £'000
1,023	Not later than one year	1,010
2,008	Later than one year and not later than five years	1,306
575	Later than five years	267
3,606	**Total**	**2,583**

Finance Lease Liabilities

2022/23 £'000	Number of years	2023/24 £'000
924	Not later than one year	938
1,834	Later than one year and not later than five years	1,187
550	Later than five years	260
3,308	**Total**	**2,385**

Assets included in Property Plant and Equipment

2022/23 £'000		2023/24 £'000
8,592	Gross Cost	8,592
(5,284)	Accumulated Depreciation	(6,207)
3,308	**Total**	**2,385**

Operating Leases

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

2022/23 £'000	Number of years	2023/24 £'000
109	Within one year	98
156	Within two to five years	279
3,247	Over five years	5,962
3,512	**Minimum Lease Payments**	**6,339**

Note 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 £7.200m, of which 55% will increase annually in line with RPIX and 45% 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 £3.056m 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 £2.841m, 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 in July 2015 a unitary charge reduction of £0.300m 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.

Net Book Value

2022/23 £'000	PPP - Leisure Centres	2023/24 £'000
79,654	Net book value at 1 April	82,114
506	Additions	320
(4,381)	Depreciation and impairment	(5,107)
6,335	Revaluation	868
82,114	**Net Book Value at 31 March**	**78,196**

Note 38 - Private Finance Initiatives and Similar Contracts

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 7 years until 2031. The PPP payments will be made for the next 12 years until 2036. An analysis of the payments in 2022/23 and 2023/24 is shown in the table below:

Unitary charges

2022/23				2023/24		
PFI - Schools £'000	PPP - Leisure Centres £'000	Total £'000	Unitary charge elements	PFI - Schools £'000	PPP - Leisure Centres £'000	Total £'000
2,726	651	**3,377**	Service Charges	3,069	995	**4,064**
1,611	(47)	**1,564**	Repayments made in year	1,761	147	**1,908**
2,375	2,064	**4,439**	Interest Lifecycle costs & Contingent Rents	2,370	1,699	**4,069**
6,712	**2,668**	**9,380**	**Value at 31 March**	**7,200**	**2,841**	**10,041**

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 31 March (excluding any estimation of inflation and availability performance) and PPP contracts, which have been uplifted annually by 3% as per the contract are shown below:

Payments remaining under PFI contracts

	PFI - Schools				PPP - Leisure Centres			
	Repayment of Liability £'000	Interest £'000	Service Charge £'000	Other £'000	Repayment of Liability £'000	Interest £'000	Service Charge £'000	Other £'000
Payment in 2024/25	1,923	1,004	3,069	1,203	154	707	1,025	1,279
Payments within 2 to 5 years	6,756	2,575	12,277	7,191	1,130	2,499	4,415	5,593
Payments within 6 to 10 years	10,248	2,816	17,137	9,997	2,704	1,829	6,306	8,638
Payments within 11 to 15 years	-	-	-	-	973	84	2,066	1,495
Total future payments (excluding any future indexation)	**18,927**	**6,395**	**32,483**	**18,391**	**4,961**	**5,119**	**13,812**	**17,005**

Note 39 - 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 more than 12,357 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 2023/24 the Council paid £4.621m (2022/23 £4.532m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 33% of contributory salary of £14.012m. There was £0.406m of 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 40. 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.

Note 40 - Defined Benefit Pension Scheme

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 (LGPS), administered locally by the Council - this is a funded defined benefit 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. The policy is determined in accordance with the Pension Fund Regulations.

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.

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 £0.834m was incorporated in the Bexley Balance Sheet to recognise a historic liability obligation in respect of Eltham Crematorium pension fund.

London Pension Fund Authority

When the Greater London Council was disbanded, Bexley was allocated 1.23% of the fund, which currently represents a liability of £0.404m. As at the date of the latest fund valuation (31 March 2022) there were three members receiving funded benefits, In addition, there is one member of the scheme receiving unfunded benefits.

40.1 Balance Sheet Pension Fund Schemes

	31-Mar-23 £'000	31-Mar-24 £'000
Local Government Pension Scheme (all)	57,840	(5,686)
London Pension Fund Authority**	(356)	(404)
Total Pensions Assets	**57,484**	**(6,090)**

**The 31 March 2023 liability for the London Pension Fund Authority (LPFA) reflects the position as at 31 March 2022. The balance was not available when the 2022/23 Statement of Accounts was prepared, therefore the 2022/23 movement of £25,000 is reflected in 2023/24. The LPFA scheme is not included in the disclosures at Notes 40.2 to 40.6 due to materiality.

40.2 Movements in CIES and MIRS

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Comprehensive Income & Expenditure Statement (CIES)

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Cost of Services:				
Current Service Cost	22,854	9,795	-	-
Administration Expense	693	767	-	-
Financing and Investment Income and Expenditure:				
Net Interest Expense	2,394	(3,239)	221	260
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**25,941**	**7,323**	**221**	**260**

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
Other Comprehensive Income & Expenditure:	**2022//23 £'000**	**2023/24 £'000**	**2022/23 £'000**	**2023/24 £'000**
Return on Plan Assets (excluding amounts included in net interest expense)	83,173	(15,248)	-	-
Actuarial Gains Arising on Changes in Demographic Assumptions	-	(8,933)	-	(91)
Actuarial Gains Arising on Changes in Financial Assumptions	(327,773)	(9,492)	(2,007)	(43)
Experience Loss/(Gain) on defined benefit obligation	69,553	6,107	(138)	425
Change in effect of the asset ceiling		91,644		
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**(175,047)**	**64,078**	**(2,145)**	**291**

Movement in Reserves Statement (MIRS)

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(25,941)	(7,323)	(221)	(260)
Employer's pensions contributions and direct payments to pensioners payable in the year	9,195	7,843	496	583

40.3 LGPS Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(669,488)	(669,618)	(5,718)	(5,686)
Fair value of plan assets	733,046	761,262	-	-
Impact of asset ceiling		(91,644)		
Net asset arising from defined benefit obligation	**63,558**	**-**	**(5,718)**	**(5,686)**

The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place at 31 March 2024.

40.4 Reconciliation of the movements in the current value of scheme (plan) assets and liabilities

Reconciliation of Fair Value of Scheme Assets

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2022/23 £'000	**2023/24 £'000**	**2022/23 £'000**	**2023/24 £'000**
Assets as of the beginning of the period	812,641	733,046	-	-
Interest on Assets	22,626	34,683	-	-
Return assets less interest	(83,173)	15,248	-	-
Administration expenses	(693)	(767)	-	-
Employer Contributions	9,195	7,843	496	583
Contributions by Scheme Participants	3,687	4,059	-	-
Benefits Paid	(31,237)	(32,850)	(496)	(583)
Change in the effect of the asset ceiling		(91,644)		
Assets as of the End of the Period	**733,046**	**669,618**	**-**	**-**

Reconciliation of Present Value of Scheme Liabilities

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2022/23 £'000	**2023/24 £'000**	**2022/23 £'000**	**2023/24 £'000**
Liabilities as of the Beginning of the Period	(907,384)	(669,488)	(8,138)	(5,718)
Current Service Cost	(22,854)	(9,795)	-	-
Interest Cost	(25,020)	(31,444)	(221)	(260)
Contributions by Scheme Participants	(3,687)	(4,059)	-	-
Change in financial assumptions	327,773	9,492	2,007	43
Change in demographic assumptions	-	8,933	-	91
Experience (Losses)/Gains on defined benefit obligation	(69,553)	(6,107)	138	(425)
Benefits Paid	31,237	32,850	496	583
Liabilities as of the End of the Period	**(669,488)**	**(669,618)**	**(5,718)**	**(5,686)**

40.5 Local Government Pension Scheme Assets comprised:

	Quoted (Yes/No)	2022/23 £'000	2023/24 £'000
Cash and Cash Equivalents:			
Cash Instruments	Yes	63,187	87,926
Net Current Assets	No	224	228
Sub-Total Cash and Cash Equivalents		**63,411**	**88,154**
Equity Instruments:			
Global Equities	Yes	234,105	274,511
Sub-Total Equity		**234,105**	**274,511**
Bonds:			
UK Government indexed	Yes	78,568	58,617
Other Class 1	Yes	95,742	73,310
Sub-Total Bonds		**174,310**	**131,927**
Private Equity:			
Private Equity - Overseas LLP	Yes	64,062	65,697
Funds - Property	No	103,827	96,224
Funds - Diversified Growth	Yes	38,510	44,305
Infrastructure	No	54,821	60,444
Sub-Total Private Equity		**261,220**	**266,670**
Total Financial Assets		**733,046**	**761,262**

40.6 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 of 31 March 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2022/23	**2023/24**
Longevity at 65 for Current Pensioners:		
Men	21.8	21.4
Women	24.0	23.7
Longevity at 65 for Future Pensioners:		
Men	22.9	22.4
Women	25.7	25.4
Rate of CPI Inflation	2.70%	2.70%
Rate of increase in salaries	4.20%	4.20%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting scheme liabilities	4.80%	4.90%

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. 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.

Principal Assumptions

		Local Government Pension Scheme Impact on the Net Defined Benefit Asset / Liability	
Factor	**Change**	**2022/23 £'000**	**2023/24 £'000**
Rate of discount scheme liabilities	Increase by 0.5%	47,479	44,528
Rate of Inflation	Increase by 0.25%	(25,489)	(23,430)
Rate of increase in salaries	Increase in pay growth by 0.25%	(2,074)	(2,176)
Rate of discount scheme liabilities	Life expectancy 1 year	(14,293)	(16,492)

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 most recent valuation of the Fund took place as at 31 March 2022. This showed that the Fund is 114% Funded. The next triennial valuation is due to be as at 31 March 2025. This will be completed in 2025/26.

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 amount of contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 are is £9.488m. This includes expected contributions for the Discretionary Benefits scheme £0.583m.

The weighted average duration of the defined benefit obligation for scheme members at the latest valuation date of 31 March 2022 is 16 years (15 years at 31 March 2019).

Note 41 - Contingent Liabilities

At 31 March 2024, the Council had the following material contingent liabilities:

The Council has lodged an application for injunction and expert determination in the High Court related to a potential obligation under an agreement with London & Quadrant Housing. The existence of the obligation will be confirmed as part of the expert determination process. The Council estimates that its costs related to this case are likely to exceed £100,000. The Council also considers there to be a possibility of London & Quadrant Housing launching counterclaims following the Council's injunction applications, the values for which cannot be reliably estimated at this stage. However, the Council considers the likelihood of success of the claim is low.

A claim has been made against the Council by Right Support Management relating to a care case. This claim exceeds £500,000. The Council is defending this case but the outcome is not wholly in its control, so this has been assessed as a contingent liability. However, the Council considers the likelihood of success of the claim is low.

A claim for losses has been made against the Council by Lazpro Ltd concerning the sale of homes in a redevelopment site. This claim exceeds £1m. This has been assessed as a contingent liability as the outcome of the claim is not wholly in the Council's control. However, the Council considers the likelihood of success of the claim is low.

Note 42 - Contingent Assets

The Council did not have any material contingent assets at 31 March 2024.

Collection Fund

The Collection Fund shows the transactions of the Council as a billing authority in relation to the collection of council tax and non-domestic rates and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies concerned (i.e. major preceptors, the billing authority and the Government). The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

Collection Fund for the Year Ended 31 March 2024

	Business Rates NNDR3 £'000	Business Rate Supplement £'000	Council Tax £'000	Totals £'000
INCOME				
Council Tax receivable	-	-	(171,878)	(171,878)
Business Rates receivable	(79,021)	-	-	(79,021)
Transitional Protection sums due from Central Government	(9,007)	-	-	(9,007)
Council tax discounts funded from Billing Authority General Fund	-	-	(296)	(296)
Business Rate Supplements (BRS) receivable	-	(2,454)	-	(2,454)
Total Income	**(88,028)**	**(2,454)**	**(172,174)**	**(262,656)**
EXPENDITURE				
Precepts, Demands and Proportionate Shares				
Central Government	29,647	-	-	29,647
London Borough of Bexley	26,952	-	133,299	160,251
Greater London Authority	33,241	-	36,087	69,328
Business Rate Supplement				
Business Rate Supplement (BRS) levy due	-	2,448	-	2,448
Charges to Collection Fund				
Write-off of uncollectable amounts	(156)	-	-	(156)
Increase in provision for non-collection	1,397	-	3,186	4,583
Increase in provision for appeals	1,320	-	-	1,320
Disregarded amounts	13	-	-	13
Allowance for cost of collection	242	6	-	248
Apportionment of previous year's Collection Fund Surplus				
Central Government	1,736	-	-	1,736
Bexley	1,578	-	1,480	3,058
Greater London Authority	1,947	-	446	2,393
Total Expenditure	**97,917**	**2,454**	**174,498**	**274,869**
Movements on the Collection Fund				
Deficit arising during the year	9,889	-	2,324	12,213
Surplus brought forward 1 April 2023	(2,103)	-	(1,625)	(3,728)
Deficit carried forward 31 March 2024	**7,786**	**-**	**699**	**8,485**

Collection Fund Deficit 31 March 2024

	Business Rates £'000	Business Rate Supplement £'000	Council Tax £'000	Total £'000
Central Government	2,569	-	-	2,569
London Borough of Bexley	2,336	-	523	2,859
Greater London Authority	2,881	-	176	3,057
Deficit carried forward 31 March 2024	**7,786**	**-**	**699**	**8,485**

Memorandum Note

Debtors and Prepayments	Business Rates £'000	Business Rate Supplement £'000	Council Tax £'000	Total £'000
Sums outstanding from Ratepayers (Arrears/Debtors)	6,355	96	42,276	48,727
Prepayments and Overpayments	(3,270)	(58)	(3,181)	(6,509)

Collection Fund for the Year Ended 31 March 2023

	Business Rates NNDR3 £'000	Business Rate Supplement (Restated) £'000	Council Tax £'000	Totals (Restated) £'000
INCOME				
Council Tax receivable	-	-	(161,750)	(161,750)
Business Rates receivable	(67,609)	-	-	(67,609)
Business Rate Supplements (BRS) receivable	-	(1,971)	-	(1,971)
Total Income	**(67,609)**	**(1,971)**	**(161,750)**	**(231,330)**
EXPENDITURE				
Transitional protection payments due to Central Government	90	-	-	90
Precepts, Demands and Proportionate Shares				
Central Government	22,992	-	-	22,992
London Borough of Bexley	20,902	-	125,346	146,248
Greater London Authority	25,779	-	32,464	58,243
Business Rate Supplement				
Business Rate Supplement (BRS) levy due	-	1,965	-	1,965
Charges to Collection Fund				
Write-off of uncollectable amounts	(131)	-	(3)	(134)
(Decrease)/increase in provision for non-collection	(2,260)	-	3,170	910
Decrease in provision for appeals	(423)	-	-	(423)
Disregarded amounts	18	-	-	18
Allowance for cost of collection	238	6	-	244
Apportionment of previous year's Collection Fund Surplus				
Central Government	(6,820)	-	-	(6,820)
Bexley	(6,200)	-	(2,376)	(8,576)
Greater London Authority	(7,647)	-	(556)	(8,203)
Total Expenditure	**46,538**	**1,971**	**158,045**	**206,554**
Movements on the Collection Fund				
Surplus arising during the year	(21,071)	-	(3,705)	(24,776)
Deficit brought forward 1 April 2022	18,968	-	2,080	21,048
Surplus carried forward 31 March 2023	**(2,103)**	**-**	**(1,625)**	**(3,728)**

Collection Fund Surplus 31 March 2023

	Business Rates £'000	Business Rate Supplement £'000	Council Tax £'000	Total £'000
Central Government	(694)	-	-	(694)
London Borough of Bexley	(631)	-	(1,244)	(1,875)
Greater London Authority	(778)	-	(381)	(1,159)
Surplus carried forward 31 March 2023	**(2,103)**	**-**	**(1,625)**	**(3,728)**

Memorandum Note

Debtors and Prepayments	Business Rates £'000	Business Rate Supplement £'000	Council Tax £'000	Total £'000
Sums outstanding from Ratepayers (Arrears/Debtors)	5,328	83	39,879	45,290
Prepayments and Overpayments	(3,267)	(37)	(4,136)	(7,440)

Notes to the Collection Fund

Note 1 - Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council and its preceptors and dividing this by the Council Tax Base (equivalent number of Band D properties).

Council Tax Base Calculation

2022/23 Band D equivalent £'000	Bands and value ranges	Estimated number of properties	Multiplier	2023/24 Band D equivalent £'000
3	A - Reduced Band A	4	5/9	2
1,691	A - up to £40,000	2,733	6/9	1,822
5,412	B - £40,001 to £52,000	7,310	7/9	5,686
21,099	C - £52,001 to £68,000	24,065	8/9	21,392
24,191	D - £68,001 to £88,000	24,372	9/9	24,372
21,445	E - £88,001 to £120,000	17,590	11/9	21,498
6,754	F - £120,001 to £160,000	4,752	13/9	6,863
2,647	G - £160,001 to £320,000	1,610	15/9	2,684
73	H - £320,001 and over	35	18/9	70
83,315	**Subtotal**			**84,389**
(1,250)	Less Allowance for non-collection			(1,265)
82,065	**Council Tax Base**	**82,471**		**83,124**

Note 2 - NNDR Rateable Values

2022/23		2023/24
£190.248m	Non-Domestic Rateable Value Gross	£227.995m
51.2p	Standard Business Rate	51.2p
49.9p	Small Business Rate	49.9p
£67.609m	Business Rates Receivable after reliefs and transition	£79.099m

Note 3 - Business Rate Supplement (BRS) - Crossrail

The Mayor of London introduced a levy of 2p on non-domestic properties with a rateable value of over £75,000 in London from 1 April 2010, to help pay for Crossrail. Powers were granted to the Greater London Authority (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 Statement.

Group Accounts

Group Comprehensive Income and Expenditure Statement

This Group 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 7) and the Movement in Reserves Statement. Intragroup balances are eliminated on consolidation.

2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net Expenditure £'000		2023/24 Gross Expenditure £'000	2023/24 Gross Income £'000	2023/24 Net Expenditure £'000
114,735	(52,829)	61,906	Adult Social Care and Public Health	131,861	(59,174)	72,687
4,172	(379)	3,793	Chief Executive's Office	5,238	(183)	5,055
171,719	(121,882)	49,837	Children and Education	184,691	(128,413)	56,278
103,373	(63,755)	39,618	Finance and Corporate Services	101,663	(35,610)	66,053
108,623	(32,447)	76,176	Place	118,042	(71,507)	46,535
387,887	**(218,463)**	**169,424**	**Cost of Services**	**541,495**	**(294,887)**	**246,608**
		(2,695)	Other Operating Expenditure			22,216
		15,273	Financing and Investment Income and Expenditure			3,936
		(207,195)	Other Taxation and Non-Specific Grant Income			(220,372)
		(25,193)	**(Surplus) or Deficit on Provision of Services**			**52,389**
		(50,620)	Surplus on revaluation of Property, Plant and Equipment assets			(8,878)
		(177,834)	Remeasurement of the Pension net defined liability/(asset)			64,428
		141	Movement on deferred tax relating to pension liability			2
		(228,313)	**Other Comprehensive Income and Expenditure**			**55,552**
		(253,506)	**Total Comprehensive Income and Expenditure**			**107,941**

Group Accounts

Group Balance Sheet

The Group Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the entity and its subsidiaries. The net assets (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category of reserves is usable reserves, which 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 is those that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Group Movement in Reserves Statement line 'Adjustments between Accounting basis and funding basis under regulations'. Intragroup balances are eliminated on consolidation.

31-Mar-23 £'000		31-Mar-24 £'000
804,615	Property plant and equipment	754,053
32,830	Heritage Assets	35,001
65,980	Investment Property	55,646
1,675	Intangible Assets	1,165
11,393	Long Term Investments	10,452
7,365	Long Term Debtors	6,315
57,840	Pension Assets	-
981,698	**Long Term Assets**	**862,632**
1,650	Assets Held For Sale	11,980
172	Short-term Investments	221
6,204	Inventories	10,069
62,817	Short Term Debtors	64,227
49,251	Cash and Cash Equivalents	30,929
120,094	**Current Assets**	**117,426**
-	Cash and Cash Equivalents Overdrawn	(5,734)
(714)	Short-Term Borrowing	(3,606)
(70,184)	Short-Term Creditors	(49,054)
(2,908)	Provisions	(3,656)
(3,579)	Grants Receipts in Advance – Revenue	(2,770)
(83)	Grants Receipts in Advance – Capital	(83)
(77,468)	**Current Liabilities**	**(64,903)**
(1,739)	Long-Term Provisions	(1,655)
(223,030)	Long Term Borrowing	(220,325)
(27,821)	Other Long-Term Liabilities	(23,438)
(356)	Pension Liabilities	(6,090)
(6,067)	Grants Receipts in Advance - Capital	(6,408)
(259,013)	**Long Term Liabilities**	**(257,916)**
765,311	**Net Assets**	**657,238**
(73,031)	Usable Reserves	(82,266)
(692,280)	Unusable Reserves	(574,972)
(765,311)	**Total Reserves**	**(657,238)**

Group Accounts

Group Movement in Reserves Statement 2023/24

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

	General Fund Balance £'000	Retained Earnings Adjustment £'000	Earmarked Reserve Balance £'000	Capital Receipts Reserve £'000	Capital Grants unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance At 1 April 2023	**(10,160)**	**(4,391)**	**(52,876)**	**3,402**	**(9,006)**	**(73,031)**	**(692,280)**	**(765,311)**
Movement in Reserves during 2023/24:								
Deficit on the provision of services	52,463	(74)				52,389		52,389
Other Comprehensive Income and Expenditure		13				13	55,539	55,552
Total Comprehensive Income and Expenditure	**52,463**	**(61)**	**-**	**-**	**-**	**52,402**	**55,539**	**107,941**
Adjustments between group accounts and authority accounts	323	(191)				132	-	132
Adjustments between accounting basis and funding basis under regulations	(46,060)			(546)	(15,163)	(61,769)	61,769	-
Net (Increase)/Decrease in year 2023/24 before Transfers to earmarked reserves	**6,725**	**(252)**	**-**	**(546)**	**(15,163)**	**(9,235)**	**117,308**	**108,073**
Other adjustments:								
Transfers to earmarked reserves	(6,065)		6,065			-		-
Net (Increase)/Decrease in year 2023/24 before Transfers to earmarked reserves	**660**	**(252)**	**6,065**	**(546)**	**(15,163)**	**(9,235)**	**117,308**	**108,073**
Closing Balance as at 31 March 2024	**(9,500)**	**(4,643)**	**(46,811)**	**2,856**	**(24,169)**	**(82,266)**	**(574,972)**	**(657,238)**

Group Movement in Reserves Statement 2022/23

	General Fund Balance £'000	Retained Earnings Adjustment £'000	Earmarked Reserve Balance £'000	Capital Receipts Reserve £'000	Capital Grants unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance At 1 April 2022	**(14,273)**	**630**	**(59,825)**	**3,041**	**(6,537)**	**(76,964)**	**(497,957)**	**(574,921)**
Movement in Reserves during 2022/23:								
(Surplus)/Deficit on the provision of services	39,140	(2,427)	-	-	-	36,713	-	36,713
Other Comprehensive Income and Expenditure	-	(501)	-	-	-	(501)	(227,812)	(228,313)
Total Comprehensive Income and Expenditure	**39,140**	**(2,928)**	**-**	**-**	**-**	**36,212**	**(227,812)**	**(191,600)**
Adjustments between group accounts and authority accounts	2,161	(2,093)	-	-	-	68	1,142	1,210
Adjustments between accounting basis and funding basis under regulations	(30,239)	-	-	361	(2,469)	(32,347)	32,347	-
Net (Increase)/Decrease in year 2022/23 before Transfers to earmarked reserves	**11,062**	**(5,021)**	**-**	**361**	**(2,469)**	**3,933**	**(194,323)**	**(190,390)**
Other adjustments: Transfers to earmarked reserves	(6,949)	-	6,949	-	-	-	-	-
Net (Increase)/Decrease in year 2022/23	**4,113**	**(5,021)**	**6,949**	**361**	**(2,469)**	**3,933**	**(194,323)**	**(190,390)**
Closing Balance as at 31 March 2023	**(10,160)**	**(4,391)**	**(52,876)**	**3,402**	**(9,006)**	**(73,031)**	**(692,280)**	**(765,311)**

Group Accounts

Group Cash Flow Statement

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

2022/23 £'000		2023/24 £'000
(36,713)	**Net Deficit on the Provision of Services**	(52,389)
55,602	Adjustments to net surplus or deficit on the provision of services for non-cash movements	53,389
(18,771)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(24,354)
118	**Net cash flows from Operating Activities**	**(23,354)**
(2,055)	Investing Activities	10,476
(4,906)	Financing Activities	(11,180)
(6,843)	**Net decrease in Cash and Cash Equivalents**	**(24,056)**
56,094	Cash and Cash Equivalents at the beginning of the reporting period	49,251
49,251	**Cash and Cash Equivalents at the end of the reporting period for the Group**	**25,195**

Group Accounts

Group Accounts - Disclosures

Introduction

The Council holds a 100% interest in BexleyCo Limited, a company limited by shares. The Council has loans and equity with this subsidiary. The Company was incorporated in June 2017 and fulfils the strategic aims and objectives of the Council to generate additional income streams in line with the Asset Investment Strategy and for Housing Redevelopment both residential and a proportion of affordable housing. Voting rights are such that shares rank equally for voting purposes.

The London Borough of Bexley (the reporting authority) has one subsidiary company reported in the group accounts:

BexleyCo Limited

The London Borough of Bexley owns 100% of the share capital of BexleyCo and BexleyCo operates at the Civic Offices, 2 Watling Street, Bexleyheath DA6 7AT.

Basis of Consolidation

The group Financial Statements i.e the group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the reporting authority (London Borough of Bexley) and its subsidiary (BexleyCo) on a line by line basis. The accounts of BexleyCo have been prepared in accordance with paragraph 9.1.2.60 of the Code, using uniform accounting policies for like transactions and other events in similar circumstances.

Financial Performance

In 2023/24 the company made an operating loss of £0.123m (£2.481m profit in 2022/23). The turnover of BexleyCo was £0.558m (£13.416m in 2022/23) and the cost of sales was £0.422m (£10.577m in 2022/23).

Investment Properties

The Statement of Financial Position for BexleyCo includes £3.051m of Investment Properties at 31 March 2024 (£3.199m at 31 March 2023).

Inventories

Inventories of BexleyCo includes Work in Progress of £4.496m at 31 March 2024 (£1.902m at 31 March 2023).

Creditors

The Statement of Financial Position for BexleyCo includes £3.825m of Creditors at 31 March 2024 (£5.464m at 31 March 2023). Out of this, £2.975m relates to London Borough of Bexley (£3.392m at 31 March 2023). This leaves £0.850m relating to other parties (£2.072m at 31 March 2023).

Operating Cash Flows

To arrive at the net cash flows from operating activities, the cash flow statement takes the surplus or deficit on provision of services and adjusts for non-cash movements and for items that are investing or financing activities.

2022/23 £'000		2023/24 £'000
39,748	Depreciation	42,151
(1,178)	Impairment and downward valuations	3,040
479	Amortisation	532
16	Increase/(decrease) in impairment for bad long-term debts	-
(34,623)	Decrease in creditors	(15,043)
22,232	Increase/(Decrease) in debtors	(461)
6,103	Increase/(Decrease) in inventories	(3,864)
16,308	Movement in pension liability	(843)
1,515	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	22,961
4,081	Movement in fair value of investment properties	3,150
921	Other non-cash items charged to the net surplus or deficit on the provision of services	1,765
55,602	**Total**	**53,389**

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

2022/23 £'000		2023/24 £'000
(1,734)	Proceeds from sale of property, plant & equipment, investment property and intangible assets	(1,029)
2,917	Movements on financial instruments – pooled investment funds	-
(19,954)	Any other items for which cash effects are investing or financing cash flows	(23,325)
(18,771)	**Total**	**(24,354)**

Investing Activities

The group cash flow statement includes the following cash flows relating to investing activities:

2022/23 £'000		2023/24 £'000
(19,502)	Purchase of Property Plant and Equipment, Investment Property and Intangible assets	(15,397)
(207)	Other payments for investing activities	-
1,734	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,915
15,920	Other receipts from investing activities	23,958
(2,055)	**Net cash flows from investing activities**	**10,476**

Financing Activities

The group cash flow statement includes the following cash flows relating to financing activities:

2022/23 £'000		2023/24 £'000
(315)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(2,832)
(34)	Repayments of short- and long-term borrowing	(31)
(4,557)	Other payments for financing activities	(8,317)
(4,906)	**Net cash flows from financing activities**	**(11,180)**

Glossary

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 (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 Council.
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 a Council arising from past events, the settlement of which is expected to result in an outflow from the Council 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.

Pension Fund Accounts 2023 to 2024

Statement of Responsibilities for the Pension Fund Accounts

The Council is required to make arrangements for the proper administration of its pension fund affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer in this Council is the Director of Finance and Corporate Services who has the Section 151 Officer's Responsibilities. Also, it is required to secure the economic, efficient and effective use of resources and safeguard its assets. The Council is also required to approve the Pension Fund Accounts.

The Director of Finance and Corporate Services is responsible for the preparation of the Pension Fund Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Pension Fund Accounts, the Director of Finance and Corporate Services has:

1. Selected suitable accounting policies and applied them consistently.
2. Made judgements and estimates that were reasonable and prudent.
3. Complied with the Code of Practice.

Also, the Director of Finance and Corporate Services has:

1. Kept proper accounting records that were up to date.
2. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of the Director of Finance and Corporate Services

The required financial statements for the Pension Fund appear on the following pages and have been prepared in accordance with the accounting policies set out in 3. Accounting Policies.

The Pension Fund Accounts present a true and fair view of the financial position of the Pension Fund at the accounting date and its income and expenditure for the year ended 31 March 2024.

Caroline Holland Date: 27 February 2025

Interim Director of Finance and Corporate Services
I confirm that the 2023/24 Statement of Accounts for the London Borough of Bexley and Bexley Pension Fund were approved by the General Purpose and Audit Committee on 26 September 2024.

Cllr Peter Reader Date: 27 February 2025
Chair of the General Purposes and Audit Committee

Auditor’s Report to a LGPS Administering Authority – Report on Pension Fund Financial Statements

Independent Auditor’s Report to the Members of London Borough of Bexley

Opinion

We have audited the Pension Fund (“the Fund”) financial statements for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 24.

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 2023/24.

In our opinion the pension fund financial statements:

• give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and the amount and disposition at that date of its assets and liabilities as at 31 March 2024; and

• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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 Council as administering authority for the Pension Fund 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 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

In auditing the financial statements, we have concluded that the Director of Finance and Corporate Services’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority’s ability to continue as a going concern for a period of twelve months from when the Fund’s financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Corporate Services with respect to going concern are described in the relevant sections of this report.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority’s ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2023/24, other than the financial statements and our auditor’s report thereon. The Director of Finance and Corporate Services is responsible for the other information contained within the Statement of Accounts 2023/24.

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.

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 course of 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 themselves. 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.

Matters on which we report by exception

We report to you if:

• we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);

• we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);

• 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 (as amended);

• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or

• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

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 1, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the pension fund 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 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance and Corporate Services is also responsible for such internal control as the Director of Finance and Corporate Services determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Corporate Services is responsible for assessing the Fund'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 Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director of Finance and Corporate Services.

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

• We understood how the Fund is complying with those frameworks by making enquires of the management. We corroborated this through our reading of the Pensions Committee minutes, General Purposes and Audit Committee minutes, and through the inspection of other information.

• Based on this understanding, we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting any correspondence with the Pensions Regulator and review of minutes.

• We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Based on our risk assessment procedures, we identified the manipulation of journal entries of the investment income to be our fraud risk.

• To address our fraud risk we tested the consistency of the investment income from the independent sources of the custodian and the fund managers to the financial statements.

• In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

• The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation ot the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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.

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 (as amended) and for no other purpose, as set out in paragraph 85 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 London Borough of Bexley and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Jackson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Pension Fund Account

2022/23 £'000		Note	2023/24 £'000
	Dealings with members, employers and others directly involved in the scheme		
(28,515)	Contributions	6	(27,787)
(3,532)	Transfers in from other pension funds	7	(4,927)
(238)	Other Income		-
(32,285)	**Total contributions**		**(32,714)**
35,810	Benefits	8	38,744
5,972	Payments to and on account of leavers	9	5,824
-	Other payments		-
41,782	**Total benefits**		**44,568**
9,497	**Sub-total: Net additions (-) / withdrawals from dealings with members**		**11,854**
6,543	Management Expenses	10	10,148
16,040	**Sub-total: Net additions (-) / withdrawals including fund management expenses**		**22,002**
	Returns on investments		
(16,761)	Investment income	11	(20,486)
87,147	Profit (-) and losses on disposal of investments and changes in value of investments	12a	(64,173)
70,386	**Sub-total: Net return on investments**		**(84,659)**
86,426	**Net increase (-) / decrease in the net assets available for benefits during the year**		**(62,657)**
1,053,322	**Opening Net Assets of the Scheme**		**966,896**
966,896	**Closing Net Assets of the Scheme**		**1,029,553**

Pension Fund Net Assets Statement

2022/23 £'000		Note	2023/24 £'000
925,738	Investment Assets	12	1,012,507*
30,512	Cash Deposit	12	9,044*
956,250	**Total Net Investments**		**1,021,551**
11,868	Current Assets	18	9,468
968,118	**Total Investments and assets**		**1,031,019**
(1)	Long-term liabilities		-
(1,222)	Current Liabilities	19	(1,466)
966,896	**Net assets of the scheme available to fund benefits at the end of the reporting period**		**1,029,553**

*Partly due to reclassification of assets

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the Fund. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme accounting year. The actuarial position of the scheme, which does take into account such obligations, is detailed in Note 17.

Notes to the Financial Statements

1. Introduction to the Fund

The London Borough of Bexley Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS). It is administered by the London Borough of Bexley under the provisions of the Superannuation Act 1972 and the subsequent detailed regulations to provide benefits for employees. These benefits include retirement and spouses' and children's pensions, retirement and death lump-sum grants. All employees who are not eligible to join another public service scheme are eligible for membership of this scheme. Employees of other scheduled and admitted bodies also participate in this scheme.

Further details may be found in the annual report of the Fund, and in the legislation governing the LGPS.

a. General

The Fund is governed by the Public Service Pensions Act 2013. It is administered in accordance with the detailed regulations of:

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

It is a contributory defined benefit pension scheme and operates to provide pension benefits for employees of the London Borough of Bexley and its scheduled and admitted bodies. Teachers are not included as they come within another national pension scheme. The Fund is overseen by the Pensions Committee of the London Borough of Bexley and the Local Pensions Board. Day to day responsibility for the Fund is delegated to the Statutory Section 151 Officer.

b. Membership

Membership of the LGPS is voluntary but employees are automatically enrolled when they are employed. After they start employment, they have the right to opt-out. They can also make their own personal arrangements outside the scheme.

Organisations participating in the Pension Fund include:

- scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Numbers of employers and employees in the Fund

31 March 2023		31 March 2024
82	Number of employers with active members	77
	Number of employees in the Fund:	
2,307	London Borough of Bexley	2,498
3,473	Other employers	3,785
5,780	**Total**	**6,283**
	Number of pensioners in the Fund:	
5,018	London Borough of Bexley	5,095
1,247	Other employers	1,356
6,265	**Total**	**6,451**
	Number of deferred pensioners in the Fund:	
3,537	London Borough of Bexley	3,434
1,484	Other employers	1,579
5,021	**Total**	**5,013**

c. Funding

In 2023/24, the Fund was financed by contributions from employers and employees and by income from investments. Employees make a contribution to the Fund at a percentage of their pensionable earnings and emoluments; this ranges from 5.5% to 12.5% depending on the level of their earnings. The employers' contributions are in accordance with the advice of a professionally qualified actuary and have been set so that the Fund will be able to meet the cost of current and estimated future retirement benefits. The most recent valuation took place on 31 March 2022 and shows a funding level of 114% (2019 was 101%). This includes an estimate of the expected increase in liabilities following the McCloud court judgement. Further details on the McCloud court judgement can be found in Note 17. The triennial valuation undertaken as at 31 March 2022 covers the three financial years to 2025/26. Whilst the Fund, as a whole, is fully funded the funding levels for individual employers in the fund varies with some being in a deficit position. The average deficit recovery period is ten years. Currently, Employer contribution rates range from 18.2% to 32.4%, as per the 2022 valuation. Further details on the funding position are contained in Note 17.

d. Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table.

Pension benefits under the LGPS

Benefit type	Service pre-1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 × final pensionable salary.	Each year worked is worth 1/60 × final pensionable salary.
Lump-sum	Automatic lump sum of 3 × pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is adjusted annually in line with the Consumer Prices Index.

A range of other benefits is also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website.

2. Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 31 March 2026, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

- The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;
- All employers within the fund are paying contributions as per the rates and adjustment certificate.

No employer has requested to defer their payments within the 2023/24 financial year, or within 2022/23 to date;

- The Pension Fund does not have any external borrowing; and

The Pension Fund has net assets of £1.022bn, which are assets that could be liquidated to pay benefits should the need arise. The make-up of assets is included within note 12 to the accounts and includes:

o Pooled Investments Vehicles £1.012bn

o Long term investments (equities) £0.150m

o Cash/Temporary Deposits £9.044m

On this basis, the Pension Fund have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

Conclusion:

Considering the above, there are no material uncertainties that cast significant doubt upon the Pension Funds ability to continue to operate on a going concern basis to 31 March 2026.

3. Accounting Policies

a. Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay
- employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose.

b. Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund and are calculated in accordance with LGPS regulations. The timing of these receipts and payments depends on factors such as confirmation of instructions from members and the administrative processes of the previous/new employer. Transfer values are accounted for on a cash basis as opposed to the accrual basis used for the rest of the accounts.

c. Investment income

i. **Interest income**
Interest income is recognised as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii. **Dividend income**
Dividend income is accounted for on the date the shares are quoted ex-dividend. Any amounts not received by the end of the financial year are disclosed in the net asset statement as a current financial asset.

iii. **Distributions from pooled funds**
Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the financial year are disclosed in the net asset statement as a current financial asset.

iv. **Movement in the net market value of investments**
Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

d. Benefits payable

Pensions and benefits payable include all amounts due as at the end of the financial year; any amounts unpaid show as current liabilities.

e. Voluntary Scheme Pays, Mandatory Scheme Pays and lifetime allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension.

Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

f. Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses.

g. Management expenses

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

Administrative expenses

All administrative expenses are accounted for on an accruals basis. Costs of the external pension fund administrator and other suppliers are charged directly to the Fund, whereas internal staff, accommodation and other overhead costs are apportioned to the Fund and charged as expenses.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis. The fees of the external investment managers are mainly based on the market value of the funds they invest and will increase or decrease with the value of their investments. Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by the investment manager these are shown separately in Note 10a and grossed up to increase the change in the value of investments.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2023/24 £3.76m of fees is based on such estimates (2022/23: £0.53m).

Private Equity Management fees are estimated by taking a portion of the total management fees of the private equity partnership based on the percentage of the Fund holdings with the partnership. In 2023/24 £0.635m of fees is based on such estimates (2022/23 0.323m).

Net assets statement

h. Financial assets

Financial assets are included in the net assets statement on a Fair Value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the Fair Value of the asset are recognised by the Fund. The values of investments as shown in the net assets statement have been determined at Fair Value in accordance with the requirements of the Code and IFRS 13 (See Note 13). For the purposes of disclosing levels of Fair Value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

i. Foreign currency transactions

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

j. Cash and cash equivalents

Cash and cash equivalents are represented by the balance on the Fund's bank accounts together with amounts held by the Fund's external managers and invested in Money Market Funds.

k. Financial liabilities

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

l. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's actuary in accordance with IAS 19 and relevant actuarial standards. As permitted under the code, the Fund has opted to disclose the actuarial present value of promised retirement benefits as a note to the net assets statement (See Note 17).

m. Additional voluntary contributions

Scheme members can also make arrangements for separate investments into their personal Additional Voluntary Contribution (AVC) accounts with an AVC provider recommended by the Fund. The Fund is only involved in collecting and paying over these amounts on behalf of scheme members and the separately invested amounts are not included in these pension fund accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The AVC provider is Prudential and contributions are also collected for life assurance policies provided by Utmost Life and Pensions (Previously managed by Equitable Life).

n. Prepayment of Employer Contributions

Following the 2022 valuation, no prepayment option has been taken by the Council.

o. Contingent Assets and Contingent Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

Unquoted investments

It is important to recognise the highly subjective nature of determining the fair value of private equity, infrastructure, pooled property, and private credit investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted investments are valued by the investment managers. Private equity and pooled property valuations are based on similar market available evidence as it has been judged that this evidence is comparable to the holdings in the Fund.

The value of unquoted private equities at 31 March 2024 was £87.9m (2022/23: £84m) and unquoted infrastructure at 31 March 2024 was £80.9m (2022/23: £70.7m). The value of pooled property holdings as at 31 March 2024 was £125.3m (2022/23: £131.3m) and illiquid credit at 31 March 2024 was £51.9m (2022/23: £51.7m).

Pension Fund liability

The Fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 17. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. Major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, because amounts cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the accounts at 31 March 2024 for which there is a significant risk of material adjustment in the following financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	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 Fund assets. The Fund	The effects on the net pension liability of changes in individual assumptions can be measured. For example: • a 0.5% p.a. increase in discount rate assumption would reduce the pension liability by £63m.

Item	Uncertainties	Effect if actual results differ from assumptions
	employs a professional actuary to provide expert advice about the assumptions to be used.	• a 0.25% p.a. reduction in salary inflation would reduce liabilities by £4m, and • a one-year increase in assumed life expectancy would increase the liability by around £22m.
Unquoted investments	The Fund's assets include investments in unquoted assets such as property, infrastructure and private equity on a pooled basis. These assets are valued by investment managers at fair value in accordance with relevant industry standards and guidelines. Managers may use comparable market data, indices and data from third parties, as well as projected revenue, to determine the fair value of these assets. As such, there is a degree of estimation involved in these valuations.	The total value of unlisted investments in the financial statements is 294.8m (2022/23 £286.1m), as broken down below: • Private equity £87.9m • Infrastructure £81.1m • Property £125.8m • Illiquid Credit £51,9m There is a risk that these investments may be under- or overstated in the accounts.

6. Contributions receivable

By category

2022/23 £'000		2023/24 £'000
7,013	Employees' contributions	7,427
	Employers' contributions:	
18,971	Normal contributions	19,598
-	Special employer contributions	-
2,120	Deficit recovery contributions	722
410	Augmentation Contributions	40
21,502	**Total Employers' contributions:**	**20,360**
28,515	**Total contributions receivable**	**27,787**

By type of employer

2022/23 £'000		2023/24 £'000
13,347	Administering Authority	11,902
13,371	Scheduled bodies	15,174
1,797	Admitted bodies	711
28,515	**Total contributions receivable**	**27,787**

7. Transfers in from other pension funds

2022/23 £'000		2023/24 £'000
3,331	London Borough of Bexley	3,488
192	Scheduled bodies	1,438
8	Admitted bodies	1
3,532	**Total**	**4,927**

All transfers in relate to individual transfers from other schemes as there were no bulk transfers in these periods.

8. Benefits Payable

By category

2022/23 £'000		2023/24 £'000
30,589	Pensions	33,794
0	Augmented Service	2
4,821	Commutation of pensions and lump sum retirement benefits	4,184
400	Lump sum death benefits	764
35,810	**Total**	**38,744**

By authority

2022/23 £’000		2023/24 £’000
29,384	London Borough of Bexley	32,180
2,999	Scheduled bodies	3,336
3,427	Admitted bodies	3,228
35,810	**Total**	**38,744**

9. Payments to and on account of leavers

By category

2022/23 £’000		2023/24 £’000
33	Refunds of contributions	56
5,939	Individual transfers out to other schemes	5,768
5,972	**Total**	**5,824**

By authority

2022/23 £’000		2023/24 £’000
5,352	London Borough of Bexley	4,505
535	Scheduled bodies	1,212
85	Admitted bodies	107
5,972	**Total**	**5,824**

There were no bulk transfers in 2023/24

10. Management expenses

2022/23 £'000		2023/24 £'000
447	Administrative costs	470
5,499	Investment management expenses	8,995
596	Oversight and governance costs	683
6,543	**Total**	10,148

10 (a) Investment Management expenses

2022/23 £'000		2023/24 £'000
5,042	Management fees	8,704
370	Custody and performance measurement fees	291
87	Transaction costs	-
5,499	**Total**	8,995

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (See Note 12a).

The LCIV has negotiated a performance-related fee element with its global equity sub-fund manager Newton. An estimated performance fee of £0.249m was paid during 2023/24 in relation to the Partners Private Equity fund.

11. Investment income

2022/23 £'000		2023/24 £'000
-	Income from Equities	-
11,725	Income from Pooled Investments - unit trusts and other managed funds	15,469
321	Private Equity Income	406
3,804	Pooled Property Investments	3,561
912	Interest on cash/temporary deposits	1,050
16,761	**Total**	**20,486**

12. Investments

31 March 2023 £'000		31 March 2024 £'000
150	Long term investments: Equities	150
925,588	Investment assets: Pooled investment vehicles	1,012,151
30,512	Cash/temporary investments	9,044
-	Investment income due	206
956,250	**Total investment assets**	**1,021,551**

12 (a) Reconciliation of movements in investments

Movements in investments 2023/24

	Value at 31 March 2023	Purchases during the year	Sales during the year	Change in market value	Value at 31 March 2024
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	150	0	0	0	150
Pooled investment vehicles (LCIV)	523,110	61,411	(96,279)	62,199	550,441
Pooled investment vehicles (non-LCIV)*	301,349	87,443	(28,362)	4,901	365,332
Pooled Property investment	101,129	4,801	(5,597)	(3,955)	96,378
Total	**925,738**	**153,655**	**(130,238)**	**63,145**	**1,012,301**
Other investment balance:					
Cash/temporary investments	30,512	6,273	(337)	1,028	9,045
Investment income due					206
Net Investment Asset	**956,250**			**64,173**	**1,021,551**
Current Net Assets/(Liabilities)					
Net Asset	**956,250**			**64,173**	**1,021,551**

*This is includes Private Equity and Liquid credit in comparison to 22/23 where it was separated.

Movements in investments 2022/23

	Value at 31 March 2022 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value £'000	Value at 31 March 2023 £'000
Equities	150	0	0	0	150
Pooled investment vehicles (LCIV)	531,116	187,560	(166,498)	(29,071)	523,100
Pooled investment vehicles (non-LCIV)	263,359	1,590	(6,231)	(41,412)	217,306
Pooled Property investment	112,171	11,643	(6,838)	(15,847)	101,129
Private Equity	68,018	24,020	(8,737)	742	84,043
Total	**974,814**	**224,813**	**(188,304)**	**(85,587)**	**925,738**
Other investment balance:					
Cash/temporary investments	76,224			(1,559)	30,512
Investment income due	-				
Net Investment Asset	**1,051,039**			**(87,147)**	**956,250**
Current Net Assets/(Liabilities)	-				
Net Asset	**1,051,039**			**(87,147)**	**956,250**

12 (b) Analysis of investments

31 March 2023 £'000		31 March 2024 £'000
	Equities:	
150	UK unquoted	150
150	**Total equities**	**150**
	Pooled investment vehicles:	
131,304	Managed funds – UK property unquoted	125,315
103,429	Managed funds - UK GILTS	98,376
50,695	Managed funds - Overseas Equities & Bonds	119,735
95,572	Managed funds – Overseas limited liability partnership unquoted	95,332
51,653	Illiquid Credit	51,889
	London Collective Investment Vehicle (LCIV) Pooled Sub-Funds - Global Unquoted:	
307,696	Global Equity Fund	320,291
126,037	Global Bond Fund	77,882
59,202	Infrastructure Fund	73,519
-	Multi-Asset Credit	49,813
925,588	**Total pooled investment vehicles**	**1,012,151**
30,512	Cash/temporary investments	9,044
-	Investment income due	206
30,512	**Total other**	**9,250**
956,250	**Total investment assets**	**1,021,551**

12 (c) Investments analysed by fund manager

31 March 2023 £'000			31 March 2024 £'000	
£'000	**%**		**£'000**	**%**
150	0.0%	LCIV - Shareholding	150	0.0%
162,082	16.9%	LCIV –Newton Global Equity Fund	176,841	17.3%
145,614	15.2%	LCIV – Sustainable Equity Exclusion	143,450	14.0%
36,832	3.9%	LCIV – Stepstone Infrastructure Fund	45,196	4.4%
22,370	2.3%	LCIV – Renewable Infrastructure Fund	28,322	2.8%
126,037	13.2%	LCIV – PIMCO Global Bond Fund	77,882	7.6%
30,175	3.2%	LCIV – Inflation Plus Fund	28,937	2.8%
-	0.0%	LCIV – Multi-Asset Credit Fund	49,813	4.9%
523,260	**54.7%**	**LCIV Sub total (London Collective Investment Vehicle)**	**550,591**	**53.9%**
103,429	10.8%	BlackRock - Index linked gilt fund / corporate bond fund	98,376	9.6%
-	0.0%	Ninety-One - Global Environment Equities Fund	47,023	4.6%
50,695	5.3%	BlackRock Composite Index Fund	59,495	5.8%
51,653	5.4%	M&G – Illiquid Credit	51,889	5.1%
101,129	10.6%	La Salle	96,378	9.4%
84,043	8.8%	Partners Group	87,923	8.6%
27,740	2.9%	AON Liquid Credit	13,217	1.3%
11,528	1.2%	UBS infrastructure Fund	7,409	0.7%
2,452	0.3%	Cash Held at Custodian (Northern Trust)	8,721	0.9%
324	0.0%	Cash Held at Fund Managers (in transit)	324	0.0%
-	0.0%	Money Market Funds	0	0.0%
-	0.0%	Investment Income Due	206	0.0%
956,250	**100.0%**	**Total investments**	**1,021,551**	**100.0%**

All fund managers operating the pooled investment vehicles are registered in the UK.

The managed funds overseas unquoted limited liability partnerships are investments in funds of private equity funds, infrastructure, property, and illiquid credit funds.

The LCIV unit trusts are unquoted, however, all investments within the Global Equity, Sustainable Equity, Global Bond and LCIV MAC sub-funds are quoted.

The following investments represent more than 5% of the net assets of the scheme in 2023/24

Asset Class / Security Name	Manager	Value at 31 March 2024 £'000	Value at 31 March 2024 % of inv assets
Global Equity Fund	Newton	176,841.33	17.3%
Global Equity Fund	RBC	143,449.64	14.0%
Global Bond Fund	Pimco	77,881.50	7.6%
Index linked gilt fund / corporate bond fund	Blackrock	98,375.73	9.6%
Property	LaSalle	96,378.19	9.4%
Private Equity	Partners	87,923.08	8.6%
M&G – Illiquid Credit	M&G	51,888.73	5.1%
Blackrock Composite	Blackrock	59,495.04	5.8%

The following investments represent more than 5% of the net assets of the scheme in 2022/23

Asset Class / Security Name	Manager	Value at 31 March 2023 £'000	Value at 31 March 2023 % of inv assets
Global Equity Fund	Newton	162,082.17	16.9%
Global Equity Fund	RBC	145,613.86	15.2%
Global Bond Fund	Pimco	126,036.87	13.2%
Index linked gilt fund / corporate bond fund	Blackrock	103,429.21	10.8%
Property	LaSalle	101,128.88	10.6%
Private Equity	Partners	84,043.41	8.8%
M&G – Illiquid Credit	M&G	51,653.27	5.4%
Blackrock Composite	lackrock	50,695.12	5.3%

13. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Basis of the valuation of each class of investment asset

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the financial year.	Not required	Not required
Unquoted bonds funds	Level 2	Average of broker prices.	Evaluated price feeds	Not required
Pooled LCIV – ACS*	Level 2	Quoted investments are valued at mid-market value as at close of business on the last working day of the relevant period Unquoted investments or if a quotation is not available at the time of valuation, the fair value shall be estimated on the basis of the probable realisation value of the investment. Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the relevant period.	Evaluated Price Feeds	Not required
Pooled investments – overseas unit trusts and property funds	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV-based pricing set on a forward pricing basis	Significant changes in rental growth, vacancy levels or the discounted rate could affect valuations as could more general changes to market prices.
Unquoted private equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines.	EBITDA multiple Revenue multiple Discount for lack of marketability. Control premium	Valuations could be affected by material events occurring

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Unquoted Infrastructure Managed Funds	Level 3	The Fair Value of the investments has been determined using valuation techniques appropriate to each investment. These techniques include discounted cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines.	Significant unobservable inputs and observable inflation	between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.
Pooled LCIV – EUUT**	Level 3	The Fair Value of the investments has been determined using valuation techniques appropriate to each investment. These techniques include discounted cash flow analysis and comparable transaction multiples.	Significant unobservable inputs and observable inflation.	

* The term ACS refers to Authorised Contractual Scheme

** The term EUUT refers to Exempt Unauthorised Unit Trust

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with investment managers and independent advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

Impact on closing value of investments 31 March 2024

Investments	Assessed valuation range (+/-)	Value at 31/03/2024 £'000	Value on increase £'000	Value on decrease £'000
Private Equity	5%	87,923	92,319	83,527
UBS Infrastructure Fund	3%	7,409	7,594	7,224
LCIV Renewable Infrastructure Fund	15%	28,322	32,571	24,074
LCIV Infrastructure Fund	15%	45,196	51,976	38,417
LCIV Aviva Inflation Plus	10%	28,937	31,830	26,043
La Salle Pooled Investment Property	10%	96,378	106,016	86,740
M&G Illiquid Credit	4%	51,889	54,025	51,653
Total		**346,054**	**376,331**	**315,778**

a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified at this level comprise quoted equities, quoted fixed securities, quoted index-linked securities and quoted unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available. This may be where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and those techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Analysis 2023/24

Values at 31 March 2024	Quoted market price Level 1 £'000	Using Observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at Fair Value through profit and loss	-	666,097	346,204	1,012,301
Net investment assets	**-**	**666,097**	**346,204**	**1,012,301**

*Note that this figure does not contain any cash held at custodian or fund managers.

Analysis 2022/23

Values at 31 March 2023	Quoted market price Level 1 £'000	Using Observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at Fair Value through profit and loss	-	667,251	286,228	953,478
Net investment assets	**-**	**667,251**	**286,228**	**953,478**

*The M&G fund (c.£52m) has been identified at overall Level 3 and figures have been adjusted in the 23/24 accounts

Reconciliation of Fair Value Measurements within Level 3

2023/24	Market Value 01/04/23 £'000	Transfer into level 3 £'000	Transfer into level 3 £'000	Purchases during the year and derivative movements £'000	Sales during the year and derivative receipts £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Market Value 31/03/2024 £'000
London CIV Share Capital	150	0	0	0	0	0	0	150
UBS Infrastructure Fund	11,528	0	0	0	(2,821)	(1,214)	(84)	7,409
LCIV Infrastructure Fund	36,832	0	0	6,722	(733)	2,375	0	45,196
LCIV Renewable Infrastructure Fund	22,370	0	0	6,812	(550)	(311)	0	28,322
LCIV Aviva Inflation Plus	30,175	0	0	0	(585)	(653)	0	28,937
Private equity	84,043	0	0	13,591	(10,040)	3,929	(3,601)	87,923
La Salle Pooled Investment Property	101,129	0	0	4,801	(5,597)	(5,292)	1,337	96,378
M&G illiquid Credit	51,653	0	0	1,112	(482)	(394)	0	51,889
Total	**337,880**	**0**	**0**	**33,038**	**(20,807)**	**(1,560)**	**(2,348)**	**346,204**

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account.

14. Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and Net Assets Statement heading.

Classification of financial instruments

		2022/23				2023/24
Fair Value through profit and loss £'000	**Assets at amortised cost £'000**	**Financial liabilities at amortised cost £'000**		**Fair Value through profit and loss £'000**	**Assets at amortised cost £'000**	**Financial liabilities at amortised cost £'000**
150			**Financial Assets:** Equities	150		
326,789			Pooled investment vehicles (non bond)	350,117		
523,110			Pooled investment vehicles (LCIV)	550,441		
103,429			Pooled investment vehicles (bond)	111,593		
	11,796		Cash		15,050	
			Other investment balances			
	2,843		Debtors		3,668	
		(1,221)	**Financial Liabilities** Creditors			(1,466)
953,478	**14,639**	**(1,221)**	**Total**	**1,012,301**	**18,718**	**(1,466)**

14 (a) Net gains and (losses) on financial instruments

2022/23 £'000	**Financial Assets**	**2023/24 £'000**
(87,147)	Fair Value through profit or loss	**64,173**

15. Nature and Extent of Risks Arising from Financial Instruments

The financial instruments used by the Fund involve a variety of financial risks:

(a) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of movements in market prices. To mitigate market risk, the Committee and its investment /advisors undertake regular monitoring of market conditions and benchmark analysis. Market risk may be sub-divided into interest rate risk, price risk and currency risk, although these are to some extent inter-linked.

- **Interest rates** may vary which will impact on the valuation of fixed interest holdings. The coupon and the duration of such investments will be spread to minimise this risk

- **Currency risk** is the risk that the value of financial instruments will vary with the foreign exchange rate of pounds sterling. This particularly affects the Fund's holdings in overseas equities, private equity and infrastructure. This is mitigated by the spread of investments across different countries and consideration given to hedging the risk where it is thought necessary.
- **Prices** of equity and other investments will vary as the prices on the stock exchange respond to factors specific to particular stocks or factors affecting stock markets as a whole. This is mitigated by having a diverse portfolio of investments across different managers, asset classes, countries and industries.
- **Exposure to Russia and Ukraine** - On 24 February 2022, Russia invaded Ukraine, a severe escalation in the conflict which had been ongoing since 2014. Subsequently, numerous global powers implemented sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments. The London Borough of Bexley Pension Fund can report that as at 31 March 2024, the value of investments to Russia or Ukraine within the Pension Fund is immaterial.

The tables below demonstrate the potential change in net assets available following movements in market risk. The percentage used for the movement in price is based on ten-year volatility assumptions for each asset class and is, therefore, more forward-looking and informative.

Potential change in net assets 2024

(i) Interest Rate Risk

Asset Type	Average Duration Years	Market Value 31 March 2024	Value on 1% increase £'m	Value on 1% decrease £'m
Global Bonds (Investment Grade Credit)	5.45	77.88	82.13	73.64
Liquid Credit	0.67	13.22	13.31	13.13
Multi-Asset Credit (Fixed Income)	2.53	49.81	51.07	48.55
UK Bonds (Gilts)	15.21	98.38	113.34	83.41
Private Credit*	2.40	51.89	53.13	50.64
Fixed Income	5.67	13.10	13.85	12.36

*This uses floating interest

ii) Currency Risk

Asset Type	Market Value 31 March 2024	% movement	Movement on Increased Value 2024	Movement on Decreased Value 2024
Global Equities	413.71	6%	436.68	390.74
Private Equity	87.92	6%	92.80	83.04
Infrastructure	80.93	6%	85.42	76.43
Private Credit	51.89	6%	54.77	49.01

iii) Price Risk

Asset Type	Market Value 31 March 2024	% movement	Movement on Increased Value 2024	Movement on Decreased Value 2024
Global Equities	413.71	11%	459.03	368.38
Private Equity	87.92	11%	97.56	78.29
Infrastructure	80.93	4%	84.26	77.60
Property	125.31	7%	134.14	116.49
Bonds and Fixed Income	252.39	11%	279.17	225.61
Private Credit	77.88	4%	81.09	74.68

(b) Credit risk

Credit risk is the risk that counterparties to the financial instruments will fail to pay the amounts due to the Fund, thereby causing financial loss. This may arise if the value of a particular stock falls substantially or if a dividend is not paid out. Investment managers will usually assess this risk when making investments on behalf of the Fund. The market price of investments generally also includes a credit assessment and risk of loss into the valuations. In essence, therefore, the Fund's entire investment portfolio is exposed to some form of credit risk. There is a lower credit risk involved in the Fund's allocation to private equity (8.6% at 31 March 2024 and 8.8 % at 31 March 2023).

The selection of high-quality fund managers, counterparties, brokers, and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The table below details the Fund's cash holding.

Fund's Cash Holding

Balance as at 31 March 2023 £'000		Balance as at 31 March 2024 £'000
	Bank Account:	
9,024	NatWest Account	6,005
9,024	**Total**	**6,005**

Credit risk may also occur if an employing body not supported by the central government does not pay contributions promptly, or defaults on its obligations. To mitigate this risk, the Fund regularly monitors the state of employers in the fund.

(c) Liquidity risk

Liquidity risk is the risk that the Fund might not be able to meet its payment obligations as they fall due (such as pension payments to members). The 2023/24 accounts show that the benefits and administrative expenses paid out exceeded the contributions to the Fund. The balance was met from investment income, cash received from return of capital and accessing liquid assets. The majority of the Fund's investments were sufficiently liquid as to be sold to provide additional cash if required. The Fund operates its own separate bank account, and the liquidity position is monitored on a day-to-day basis. The Fund is also permitted to borrow for up to 90 days if its cash flow is insufficient to meet short term commitments.

The Fund defines liquid assets as those that can be easily converted to cash within three months. Illiquid assets are those assets that will take longer than three months to convert to cash. As at 31 March 2024 the value of illiquid assets was £346.1m, which represented 34% of total fund assets (31 March 2023: £337.7m which represented 35% of total fund assets).

16. Funding Arrangements

The Fund's actuary carries out a funding valuation every three years to set employer contribution rates for the following triennial period. The last such valuation took place as of 31 March 2022.

The key elements of the funding policy are to:

- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled and admitted bodies
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due, and
- maximise the likelihood of reaching 100% funding on an ongoing basis over the next three valuation periods subject to an acceptable level of downside risk

At the 2022 actuarial valuation the Fund was assessed as 114% funded (101% at the March 2019 valuation). This represented a surplus of £126m (£11m surplus in 2019) at that time. At the 2022 valuation, contribution rates were set for the three-year period ending 31 March 2026 for scheme employers and admitted bodies.

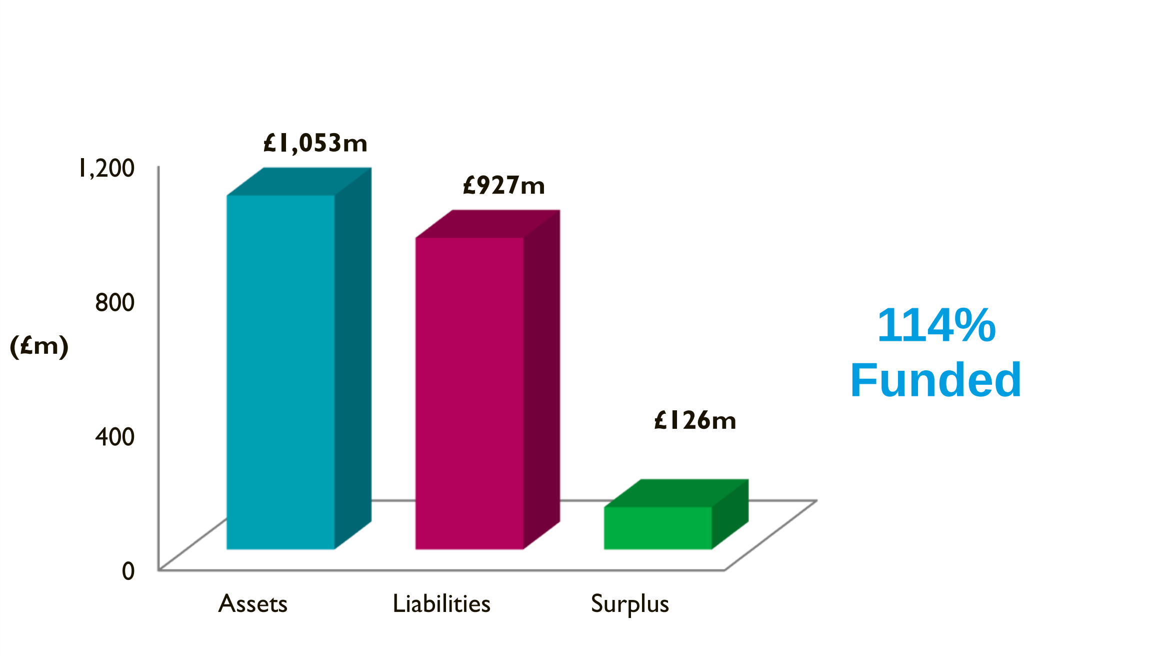
Individual employers' rates vary from the primary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report on the Fund's website.

17. Actuarial Present Value of Promised Retirement Benefits

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the London Borough of Bexley Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,053 million represented 114% of the Fund's past service liabilities of £927 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £126 million.



The valuation also showed that a Primary contribution rate of 20.8% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 8 years (12 years for employers in surplus). The total recovery payment (the "Secondary rate" for 2023/26) was on average a surplus offset of approximately £2.4m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.35% per annum	4.85% per annum
Rate of pay increases (long term)	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases	4.2% per annum	4.2% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

The demographic assumptions are the same as those used for funding purposes for the 2022 actuarial valuation but with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	**£900m**
Interest on liabilities	£42m
Net benefits accrued/paid over the period*	(£13m)
Actuarial (gains)/losses (see below)	(£16m)
End of period liabilities	**£913m**

**this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.

- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- **Pension increases / recent high short-term inflation:** The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation over the year was higher than the long-term assumption, this increases the liabilities.

Michelle Doman

Fellow of the Institute and

Faculty of Actuaries

Mark Wilson

Fellow of the Institute and

Faculty of Actuaries

Mercer Limited

May 2024

Appendix - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Covid 19 / Ukraine / Gaza conflict: The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

High inflation over last two years The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

Virgin Media

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal, and the Court of Appeal heard the arguments on 26 and 27 June 2024.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, the Bexley Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

18. Current Assets

31 March 2023 £'000	Debtors	31 March 2024 £'000
554	Contributions due - employees	610
771	Contributions due - employers	1623
1,325	**Total contributions**	**2,233**
1,519	Sundry debtors	1,230
2,844	**Total**	**3,463**
9,024	Cash balances	6,005
11,868	**Total**	**9,468**

19. Current and Long-Term Liabilities

Current Liabilities

31 March 2023 £'000	Liabilities	31 March 2024 £'000
(81)	Sundry creditors	(82)
(357)	Benefits payable	(476)
(784)	Accrued expenses	(908)
0	Employer contributions prepayments	0
(1,222)	**Total**	**(1,465)**

Long Term Liabilities

31 March 2023 £'000	Liabilities	31 March 2024 £'000
-	Employer contributions prepayments	-
-	Total	-

20. Additional Voluntary Contributions

Value of funds

Market Value 31 March 2023 £'000		Market Value 31 March 2024 £'000
1,074	**Value of funds at end of year***	1,291

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid, and the assets of these investments are not included in the Fund's Accounts.

21. Related Party Transactions

As the London Borough of Bexley administers and is the largest employer of members in, the Fund there is a strong relationship between the Council and the Fund.

Information in respect of material transactions with related parties is disclosed elsewhere within the Fund accounts. Of note is the £284,250.91 recharge in 2023/24 from the London Borough of Bexley to the Fund included in administration and oversight and governance costs. (£227,945 in 2022/23). This year, London Borough of Bexley have also entered a short-term oversight and governance arrangement with Westminster City Council, recharging £194k to the Pension Fund.

The Director of Finance and Corporate Services allocates 2.5% of their time to the Fund and is the only officer that is regarded as holding a key management post in respect of the Fund. In 2023/24 costs relating to the Director of Finance post totalled £5,109.72 in respect of the allocation to the Fund (£6,506 in 2022/23). This includes employer pension fund contributions of £679.59 (£1,102 in 2022/23). The Director of Finance contributes 11.4% of their gross salary to the LGPS in employee contributions.

No Councillors of the London Borough of Bexley are members of the Local Government Pension Scheme. During the year, no Council Members or Designated Officers have declared any transactions with the Fund that they are required to. Each Member of the Pensions Committee is required to declare their interests at each meeting. As of the Committee meeting held on 27 February 2024, Councillor Howard Jackson declared that he works for the Financial Ombudsman and sometimes has dealings with fund managers as part of his role.

All Fund transactions are recorded in a separate part of the financial ledger system of the administering authority and pass through the Fund bank accounts.

22. Contingent Liabilities and Contractual Commitments

The Fund has a commitment to contribute a further £57.3m to the fund of private equity funds (£41.7m as of 31 March 2023) as there was a further tranche this year. There is also a further £36.9m (£50.5m as at 31 March 2023) into infrastructure funds. These contributions will be financed from sales of existing investments. The timing for paying over these commitments over the next few years is uncertain. The overall amount invested in private equity is not expected to change significantly as new drawdowns are likely to be offset by increased distributions.

There were no other material contingent liabilities or contractual commitments at 31 March 2024, or material non-adjusting events subsequent to this.

23. External Audit Cost

2022/23 £'000		2023/24 £'000
13	External Audit fees	99
13	**Total**	**99***

*This consists of £82,968 23/24 Scale Fee, £24,795 22/23 fee, 23/24 Audit Grant of £8,336.

24. Events after the Reporting Period

IAS 26:

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, [pension fund] does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

Annual Governance Statement 2023/24

1. Introduction

1.1 This Annual Governance Statement explains how the Council has implemented and complies with its Code of Corporate Governance. The Annual Governance Statement also explains how the Council meets the requirements of the Accounts and Audit (England) Regulations 2015 regulation 6 (1) which requires all relevant bodies to prepare an Annual Governance Statement.

1.2 Bexley is required to review its governance arrangements each year. This is the Annual Governance Statement for 2023/24.

2. Responsibilities of the Council

2.1 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.

2.2 The Council 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.

2.3 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. The Constitution, which was last reviewed on 1 March 2024, sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

3. Bexley's Governance Model and Governance Framework

3.1 **The Council** consists of all elected Councillors. Members are responsible for agreeing the overarching policy framework for the Council, for agreeing the budget, and assessing, critiquing, and approving the policy framework and strategies put forward to them by the Executive. The Council acts in accordance with the provisions contained in legislation and the provisions within the Council's Constitution and Code of Corporate Governance, including those stipulated in Article 4 of Part 2.

3.2 The Council have full access to the three statutory Officers responsible for governance, namely: Head of Paid Service, Section 151 Officer and the Monitoring Officer.

3.3 The Council are supported by the Overview and Scrutiny Committees and General Purposes & Audit Committee who have responsibility for governance.

3.4 **The Leader and Cabinet** exercise the executive functions of the Council, in accordance with the provisions of Part 1A of the Local Government Act 2000, The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and the Council's Constitution and Code of Corporate Governance. The Cabinet is at the heart of the day-to-day decision-making process and is responsible for proposing the policy framework and strategic direction of the Council. It also has a key role in proposing the budget and policy framework to the Council. It introduces both the traditional collective decision-taking and the possibilities for decision-making by individual Cabinet Members in respect of executive functions.

3.5 During 2023/24 the Leader of the Council and seven Cabinet Members, each had specific responsibilities:

- Leader of the Council: Oversees corporate policy and resource plans, the annual budget, capital strategy and program, Medium Term Financial Strategy, corporate governance, housing, growth and other strategies.
- Deputy Leader of the Council/Cabinet Member for Resources: Handles corporate issues related to government, the Greater London Authority, regional bodies, and supports/deputises for the Leader on Local London Regeneration partnerships.
- Cabinet Member for Places: Manages unitary development plan and local development framework issues, economic and employment development strategy, major development schemes.
- Cabinet Member for Communities & Housing: Develops and monitors housing and neighbourhood renewal policies, affordable housing, sustainable housing strategy, and housing investment program and strategy.
- Cabinet Member for Growth: Focuses on land acquisition and disposal programs, land management, town centre management, and car parking and parking enforcement.
- Cabinet Member for Education: Manages the borough's education-related strategies and initiatives.
- Cabinet Member for Children's Services: Manages strategies for services related to children's welfare and education1.
- Cabinet Member for Adults' Services & Health: Manages strategies for adult social care and health-related services within the borough.

3.6 The Leader of the Council is appointed by the Council annually. This was last done at the Council meeting on 22 May 2024 for the period to May 2026. The Leader has delegated powers to determine the number and scope of Cabinet portfolios, including those of the Leader and Deputy Leader, and to make appointments to the Cabinet. Changes to the 2023/24 Cabinet portfolios were ratified at the Council meeting on 22 May 2024, the roles of the Cabinet Member for Growth and the Cabinet Member for Place were renamed, with their amended portfolios to the Cabinet for Place Shaping and Cabinet Member for Neighbourhoods respectively.

3.7 The role, functions and terms of references of the Council's **Overview and Scrutiny Committees** are stipulated in the provisions of legislation and in Article 7 of Part 2 of the Council's Constitution and Code of Corporate Governance. These include reviewing and scrutinising decisions made or actions taken in connection with the discharge of any of the Council's functions, making reports and/or recommendations to the Cabinet and/or Council in connection with the discharge of any functions; and consider any matter affecting the economic, environmental, or social wellbeing of the area or its residents.

3.8 The Overview and Scrutiny Committees can also exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Cabinet, Cabinet Members or key decisions if made by Officers; and consider matters referred as a Councillor Call for Action. Overview and Scrutiny Committees may assist the Council and the Cabinet in the development of the budget and policy framework by in-depth analysis of policy issues; review performance; and question and challenge Members of the Cabinet and appropriate officers/partner agencies about proposals affecting the area. They may also review policy and challenge whether the Cabinet has made the right decisions about these policies and their implementation; and may take a long-term view of strategic issues and look in detail at key aspects of the Council's operations.

3.9 The Overview and Scrutiny Committees are composed of non-Executive Members of the Council. The Members of each Overview and Scrutiny Committee are allocated proportionately to reflect the balance between the respective Political Groups represented on the Council, in accordance with the provisions of the Local Government and Housing Act 1989. The Overview and Scrutiny Committees also operate under the relevant statutory guidance issued by the Government.

3.10 A review of the Committee structure, size and membership takes place every year at the Annual Council meeting with the appointments made accordingly. Orders of reference for the Overview and Scrutiny Committees and policy areas within the remit and focus of each Overview and Scrutiny Committee can be revised. The latest version was agreed at the May 2022 Annual Council meeting where the current configuration of four standing Overview and Scrutiny Committees was introduced.

3.11 **Regulatory Committees** such as the Planning Committee and Licensing Committee take decisions that are legally outside of the remit of the Cabinet. These include the Pensions Committee, Planning committee, Appeals Committee and General Purposes & Audit Committee. The role of the General Purposes and Audit Committee is to provide a source of effective assurance on the adequacy of the risk management framework and the internal control environment.

3.12 The Cabinet are supported by the three statutory Officers and the wider Corporate Leadership Team. Bexley has three officers with statutory roles, the Head of Paid Service, Monitoring Officer, and Chief Financial Officer (S151).

- The Chief Executive is the Head of Paid Service and is responsible for all Council employees.
- The Director for Finance and Corporate Services is the Council's Chief Financial Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.
- The Deputy Director, Legal and Democratic Services and Monitoring Officer ensures that Council decisions are taken in a lawful and ethical way, that relevant laws and regulations are complied with, and correct procedures are followed.

3.13 Bexley has appointed a Director of Children's Services in accordance with Section 18(2) of the Children Act 2004 and a Director of Adult Social Care in accordance with the Care Act 2014.Bexley's Director of Adult Social Care and Health also holds responsibilities in a combined role with the Bexley Place Executive Lead employed by the South East London Integrated Care System for health and wellbeing in the Borough. The Council employs a Director of Public Health who holder the statutory responsibility for Public Health and reports to the Director of Adult Social Care and Health. The Council also has a Director of Place.

3.14 The Scheme of Officer Delegation contained in the Constitution defines the Corporate Leadership Team's and Deputy Directors' responsibilities for Bexley's overarching management framework.

3.15 The Governance Framework is comprised of the systems and processes, and culture and values, by which the council is directed, and its activities decision-making and management of performance, resources and risk. through which it is accountable to, engages with and leads the community. The Governance Framework enables the Council to identify progress and monitor the achievement of its strategic priorities set out in the Bexley Plan 2022-2026 Making Bexley Better, its three priority themes of: (i) Aspiration for our residents, (ii) Ambition for our borough and (iii) An efficient and Effective Council and its 15 outcomes.

4. How Bexley Complies with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government

4.1 The information provided in section 4 below contains the key examples of how Bexley has adhered to the CIPFA/SOLACE Framework Delivering Good Governance in Local Government during 2023/24.The information is not exhaustive, and more information can be found in the many strategies, plans, policies and reports to be found on the Bexley.gov.uk website.

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

(i) Behaving with Integrity

4.2 Integrity, ethics and legal compliance are central tenets of the ways in which Bexley Council operates and are incorporated into our Constitution and Code of Corporate Governance. The Constitution sets out how the Council operates, how decisions are made, and the procedures to ensure efficient, transparent, and accountable operations. The Constitution also contains council and committee procedure rules, schemes of delegation, contract procedure rules, and financial regulations that define clearly how decisions are taken and where authority lies for decisions.

4.3 Bexley has Codes of Conduct for both Members and staff. These embed a strong public service ethos and high standards, ensuring that all actions are appropriate and that there are mechanisms in place to enforce adherence to ethical values and respect for the law.

4.4 The Bexley Plan 2022-2026 #Making Bexley Even Better sets out the Council's principles which underpin all of the Council's work and the values and behaviours which are shared with our staff and contractors.

(ii) Demonstrating Strong Commitment to Ethical Values

4.5 Bexley complies with its responsibilities under the Public Sector Equality Duty, which includes eliminating unlawful discrimination and advancing equality of opportunity between people with protected characteristics and those without.

4.6 Bexley also has a whistleblowing policy and procedure which encourages staff and other concerned parties to feel confident about reporting instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

4.7 Our Equality, Diversity and Inclusion Policy (2023 to 2026) underlines Bexley's commitment to making the borough a fairer place by addressing equality, diversity, and inclusion.

4.8 Modern Slavery and Exploitation Strategy (2023 - 2028) sets out how the borough will work with partners to recognise and challenge modern slavery in Bexley.

(iii) Respecting the Rule of Law

4.9 The Deputy Director, Legal and Democratic Services and Monitoring Officer provides on-going advice in connection with the legal standing of Council business and advice to Councillors on their responsibilities, alongside the maintenance/monitoring of the Constitution. To enable the Monitoring Officer to conduct their statutory role, in accordance with Section 5 Local Government and Housing Act 1989, the Monitoring Officer has access to all reports, attends key officer and committee meetings and is able to launch investigations in the eventuality of a breach of conduct. Additionally, Bexley's, External Auditors Section 151 Officer and Head of Assurance have direct access, if necessary, to the Chairman of the General Purposes & Audit Committee.

B: Ensuring openness and comprehensive stakeholder engagement

(i) Ensuring Openness

4.10 Bexley communicates with its Stakeholders through various platforms, including:

- The Bexley website provides useful information for residents in a clear and easily accessible way.
- Information and press-releases are also made on the Council's social media channels, through newspapers, through poster campaigns and the Bexley Magazine distributed to residents.
- Partnership Forums and Groups, Service User Forums and Community Champions.

4.11 Bexley has a Statement of Community Involvement and a Connected Communities Strategy 2019 to 2023 which outline how the Council works with local people to support community development up to 2023.The documents set out Bexley's commitment to effective working relationships with all sectors of the community and emphasise the role of well-connected communities in achieving Council priorities.

(ii) Engaging Comprehensively with Institutional Stakeholders

4.12 Bexley works with and engages with a range of organisations and to serve and benefit its communities, residents, and businesses. These stakeholders include:

- Local government organisations including neighbouring councils, the Greater London Authority, Local London, a partnership of nine London boroughs in the north-east and south-east London and London Councils. Membership of Local London and London Councils enables Bexley to play a role in coordinating efforts and addressing common challenges across the city whilst ensuring that the needs of the borough are considered.
- Public service providers, including the NHS organisations, the Metropolitan Police and fire services, The Bexley Wellbeing Partnership for example brings together 17 local partner organisations with a shared goal of supporting and improving the health, care and wellbeing of local people and communities.
- Businesses and local enterprises that operate in the area. Bexley has a business support programme funded by the UK government through the UK Shared Prosperity Fund.
- Voluntary and third sector organizations, and
- Schools and colleges in the borough.

(iii) Engaging with Individual Citizens and Service Users Effectively

4.13 Individual elected Members engage with residents, businesses, and organisations in their Wards and across the Borough in a variety of ways and bring the knowledge, information and experiences to inform decision-making and overview and scrutiny processes within the Council.

4.14 Residents and other stakeholders subscribe to receive regular email updates from the Council to stay informed about a range of topics. Additionally, residents can interact with the Council through social media platforms. Bexley encourages feedback and engagement from the community to improve services and develop strategies that reflect the needs and views of service users.

4.15 The Council's new Customer Experience Strategy 2024-2028 was signed off at Public Cabinet on 16 April 2024 and sets out a commitment to continuously listen and learn to the changing needs of our residents and businesses. This includes work to engage more regularly with and seek feedback from our customers through stakeholder sessions and an annual survey.

4.16 The majority of Council and Committee meetings are held in public with agenda and reports available on the Bexley website. Members of the public are able to speak at meetings and ask questions and are supported to do so. Exemptions operate in limited circumstances, where consideration of confidential or exempt information means the public are excluded.

4.17 Live-streamed and archived webcasts of Council Meetings including Planning Committee Meetings, Public Cabinet Meetings and Overview and Scrutiny Committee Meetings (covering different areas such as Finance & Corporate Services, Adult Social are & Health, Children's Services & Education, and Places) are available on the Bexley website.

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

(i) Defining Outcomes

4.18 The strategic plan Making Bexley Even Better sets out the Council's vision for Bexley during the period 2022-2026.Key aspects of the plan include:

- Ambition for the borough: To make Bexley an even better place to live, work, or study, close to the centre of London yet maintaining its green, safe, and friendly environment1.
- Support for residents: The council aims to help residents live the best lives possible and reach their potential.
- Fairness and inclusion: Ensuring that the council's actions are fair and inclusive, especially during challenging economic times.
- Partnership-working: Collaborating with residents, voluntary groups, businesses, and local authorities to tackle complex issues.

4.19 The Bexley Local Plan, which was formally adopted on April 26, 2023, outlines the planning policies and proposals for new developments covering the entire borough. It is a key document that guides decisions on land use and future developments in Bexley. The Local Plan includes:

- *Housing Provision*: The Local Plan addresses the need for new housing and sets targets for sustainable housing development.
- *Economy, Retail, and Town Centres*: The Local Plan includes strategies to support the local economy and the development of town centres.
- *Local Character and Design*: The Local Plan aims to preserve the local character and ensure high-quality design in new developments.
- *Infrastructure Provision:* The Local Plan is accompanied by an Infrastructure Delivery Plan to support growth and ensure timely delivery of essential services.
- *Environment*: The Local Plan includes measures to address climate change and promote sustainable development.

4.20 To deliver this vision the Council defines specific outcomes, performance indicators and actions and relates these to specific services. Operational and financial performance is reviewed by the Corporate Leadership Team and Directorate Leadership Teams and reports are presented quarterly to Public Cabinet.

(ii) Sustainable Economic, Social and Environmental Benefits

4.21 Bexley has a wide range of strategies and plans developed and operated to create stronger, healthier communities, protect our natural environment, climate and ecology, and drive economic prosperity. These include:

- Growth Strategy
- Learning, Skills and Employment Strategy
- Towns Centre Strategy
- Community Safety Partnership Strategy
- Bexley Joint Local Health and Wellbeing Strategy 2023 to 2028
- Connected Communities Strategy
- Environmental Sustainability Strategy.

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

(i) Determining Interventions

4.22 The Council continues to prioritise and monitor its resources against agreed plans and outcomes, continually assessing value for money on behalf of its residents. Directorate Leadership Teams review regular management performance information provided by their services assessing and adjusting for any variances from the Corporate Plan or Medium-Term Financial Strategy. This process is scrutinised by Corporate Leadership Team, Cabinet and Scrutiny Committees. Key

Performance Indicators (KPIs) are regularly published to support the monitoring of performance.

(ii) Planning Interventions

4.23 Bexley plans its activity at strategic, directorate and operational (service plan) levels through the budget and business planning cycle. The budget and business planning cycle considers the Council's statutory duties and the manifesto pledges of Councillors. It also considers the views and activities of our internal and external stakeholders to ensure services are aligned and not duplicated.

4.24 Delivery of strategic plan is supported by service plans, ensuring a 'golden thread'. Regular service level reporting provides management information for review and challenge, Bexley has and continues to develop a data warehouse as it recognises the enormous potential that the better use of our data assets creates for improved decision-making, identification of new opportunities and service improvements both in terms of delivery and value for money.

(iii) Optimising Achievement of Intended Outcomes

4.25 Bexley, as in common with many local government organisations, has faced financial constraints in recent years. The Council therefore acts prudently in balancing the delivery of statutory duties, service priorities with affordability and other resource constraints. The alignment of the Medium-Term Financial Strategy and capital programme has enabled the Council to set a balanced budget. The budget aims to support the aspirations of Bexley residents, with a focus on spending money sensibly and investing in infrastructure and services in line with the Council's Making Bexley Better Strategy.

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

(i) Developing the Organisation's Capacity

4.26 The People Strategy was approved at Public Cabinet in April 2024.The Strategy sets out a vision and the following six key priorities for the next four years:

- Efficient, innovative and local recruitment
- Recognising Commitment and Excellence
- Supporting Mental Health and Wellbeing
- Create a fair and inclusive working environment
- Growing our own workforce of the future
- Working together and communicating better.

4.27 Officers and Council Members receive induction training on the work of the Council, key elements of governance including the Constitution and Code of Conduct, and key policies that ensure legal compliance including information governance, health and safety and fraud and bribery.

4.28 Additionally, Members receive additional training relevant to specific roles, including dedicated training for Members of the Planning Committee, Licensing Committee and Pensions Committee. Members of Overview and Scrutiny Committees and General Purpose and Audit Committee have attended workshops to share examples of good practice. Overview and Scrutiny Committee Chairmen meet regularly to review new guidance and review the success of their approach, to coordinate work between Overview and Scrutiny Committees and to instil a deep understanding of their role and responsibilities.

4.29 Bexley provides a programme of learning and development to officers, managers and members. Apprentices and trainees are supported to gain both experience and relevant qualifications. The many members of staff who are members of professional bodies are encouraged to continue their professional development. Learning and development will be expanded further as part of the People Strategy 2024-2028.

4.30 Bexley is committed to promoting the physical and mental health and wellbeing of its workforce. Wellbeing is considered as part of the annual appraisal process for staff, the Performance, Wellbeing and Development Scheme. Additionally, staff are able to access health screening and advice as part of onsite drop-in sessions, access health and wellbeing information on the Bexley intranet and access a 24/7 Employee Assistance Programme (phone line) providing a range of support. This will be built on as part of the People Strategy 2024-2028, with actions including better communicating our wellbeing offer to staff.

(ii) Developing the Capability of the Organisation's Leadership and Other Individuals

4.31 The HR and Organsaitional Development department have developed and deliver a programme of training for managers. Additionally, many staff undertake professional training, or are members of professional membership organisations and complete continuing professional development. This will be expanded further as part of the People Strategy 2024-2028.

4.32 Bexley participates in the Local Government Association's peer review process which is designed to support continuous improvement within councils by providing effective insight, guidance, and challenge. Peer reviews are conducted by a small team of experienced council officers and councillors from other authorities, who spend time reviewing Bexley's processes. They act as 'critical friends' to identify strengths and opportunities for improvement, and they provide constructive feedback to support improvements that will benefit staff, residents, and businesses

4.33 The Council has in place a Top Management Review Panel, a committee that carries out the annual performance appraisals in respect of the Chief Executive and other members of the Corporate Leadership Team.

F: Managing risks and performance through robust internal control and strong financial management

(i) Managing risk

4.34 Bexley operates a risk management framework that aids the identification, analysis and mitigation of risks to the Council's strategic objectives, reputation, finances and other assets and its compliance with its statutory and regulatory obligations.

4.35 The Strategic Risk Register articulates the key risks impacting the Council, informs decision making, and provides assurance on current actions and identifies planned actions to manage key risks. Directorate and functional risk registers are used to manage risks. The Executive Leadership Team and General Purpose and Audit Committee receive regular risk management update reports. Work continues to develop Bexley's risk management approach in order to develop a Council-wide risk aware workforce.

(ii) Managing performance

4.36 Bexley has developed a comprehensive suite of key performance indicators (KPIs) to monitor service delivery whether services are internal or through external providers. The Integrated Performance report is produced monthly and contains trend analysis both over time and comparing the Bexley's performance against national and regional trends. Exceptions, both positive and negative trends are identified and the Directorate (service), finance and risk functions provide a narrative response identifying necessary remedial action, potential financial impact and associated risks. The integration and analysis of performance, finance, workforce intelligence and complaints support effective resource allocation, and identifies potential challenges and remedies. The report is provided to the Executive Leadership Team and Council each month.

4.37 Bexley's governance structure includes four scrutiny committees which are aligned with the Council's directorates. The scrutiny committees have several key powers that enable them to effectively oversee and investigate the Council's work, as well as that of its partners. These include:

- Investigative authority: Scrutiny committees can investigate local issues and make recommendations to the Cabinet to improve services for residents in the borough.
- Performance monitoring: Scrutiny committees are responsible for challenging the performance including that of the Council's partners, including addressing local health service issues and crime and disorder.
- Specific Remits: Each scrutiny committee has a specific remit, such as adult social care, children's services, finance, corporate services, and places, which includes a wide range of services from public health to economic development.

These powers ensure that the scrutiny committees provide thorough oversight and contribute to the continuous improvement of council services and community well-being and development.

(iii) Robust internal control

4.38 Bexley's control environment comprises directive, preventive and its Financial Regulations, Contract Procurement Rules and wider framework of policies and procedures. These directive controls are supplemented by preventative controls including segregation of duties and monitoring and detective controls that include scrutiny of management and finance reports. The Council's internal audit and other review functions as well as risk management activities also strengthen internal control.

(iv) Managing Data

4.39 The processing of personal and sometimes sensitive data is essential to many of the services and functions carried out by local authorities. Bexley complies with data protection legislation, which includes UK General Data Protection Regulation and the Data Protection Act 2018 to ensure processing is carried out fairly, lawfully and transparently.

4.40 Bexley has a suite of data governance policies and procedures which are regularly reviewed, and also reviews its cessing activities to ensure they remain consistent with the law, and compliant with advice and codes of practice issued by the Information Commissioner's Office.

4.41 All staff are required to complete data protection training and supplementary training is provided to staff who use and control personal and sensitive data.

(v) Strong Public Financial Management

4.42 Bexley's finances are managed in a manner which safeguards public money, promotes value for money and financial stewardship. This approach is used in support of both the Council's long-term strategic objectives, and short and medium term financial and operational plans.

4.43 The Chief Finance Officer (Director of Finance & Corporate Services) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The Chief Finance Officer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution details the financial regulations which underpin the financial arrangements. The financial regulations are supplemented by Contract Procedure Rules and Code of Practice. All existing contracts or new requirements with a value greater than £250,000 pa are required to follow the Tollgate approval process and be authorised by the Commissioning Board before the procurement process can begin. The function of the Commissioning Board was reviewed and streamlined during 2023/24.

4.44 Bexley has instigated a Corporate Debt Board that meets monthly to focus on policies, procedures and resources to improve debt recovery and monitoring; improve cash flow; and reduce the level of write-offs and bad debt provision. Additionally, during 2023/24 the Council put in place a:

- Spend Panel to scrutinise requests for additional resources and determines whether the spend is essential
- Corporate 3Es (economy, efficiency and effectiveness) Board, that scrutinises both business processes and spend to ensure value for money is obtained and reviews potential invest to save expenditure.

4.45 The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. Detection is enhanced through participation in data-matching exercises with the National Fraud Initiative and best practice is kept current through Membership to the National Anti-Fraud Network. Regular updates of anti-fraud activities which take place are provided to the General Purposes & Audit Committee.

4.46 Bexley's Contract Procedure Rules, procurement to pay processes and contact management activity are designed to ensure that the Council obtains best value for money.

4.47 The Council has an audit committee, the General Purpose and Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee receives assurance reports regarding risk management and the internal control environment.

G: Implementing good practice in transparency, reporting, and audit, to deliver effective accountability

(i) Implementing Good Practice in Transparency

4.48 Bexley publishes the data required by the Local Government Transparency Code

2015 on the Council's website.

4.49 The Council's website is designed to be accessible to as many users as possible. Users of the website can make a number of adaptations including to colours, font size, use speech recognition software and listen to most of the website using a screen reader. Members of the public can also request a document in an accessible format including braille.

4.50 To aid with transparency and accountability to residents, businesses and interested parties, minutes of key meetings, decisions, items of expenditure exceeding £500, and registers of interest are published on the Council's website. Also detailed will be any approvals pertaining to BexleyCo Limited's (the Council's wholly owned subsidiary) annual business plan and the sanctioning of restricted financial matters relating to the company e.g., business loans and property and land purchases.

4.51 Bexley has processes in place to ensure the Council provides clear, accurate and impartial information. The information supports the regular review of the Council's finances, ensuring the Medium-Term Financial Strategy are aligned with strategic objectives and that public money is safeguarded.

(ii) Implementing Good Practices in Reporting

4.52 The Accounts and Audit Regulations 2015 (as amended) requires Bexley produce a Statement of Accounts. It is an important public demonstration of the effective stewardship over public money carried out by the Council. Bexley ensures that the plain language 'narrative statement' within the Statement of Accounts is used as an opportunity for the council to put across important messages about its finances and to clarify some of the more technical issues in the accounts.

(iii) Assurance and Effective Accountability

4.53 The General Purpose and Audit Committee monitors the implementation of internal and external audit recommendations. The Council's external auditors, Ernst & Young provide a management letter and report on the Council's performance in implementing recommendations effectively and within agreed timescales.

4.54 Bexley has adopted and complies with the Public Sector Internal Audit Standards which set out the standards for internal audit. Compliance includes presenting a draft annual internal audit plan to the General Purpose and Audit Committee for review, comment and ratification.

5. Annual Review of Effectiveness

5.1 Bexley Council has a legal responsibility to review the effectiveness of its governance framework every year and also consider the effectiveness of its systems of internal control. The review is led by the Head of Assurance and includes input from the Monitoring Officer, Directors and other Senior Managers. The results of the review are then considered by the Finance and Corporate Leadership Team before being presented to the Chief Executive and Leader of the Council.

5.2 The extent to which Bexley complies with the principals and requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government is evidenced by the systems, processes and documentation detailed in Section 4 above. The review has concluded that the Council has assurance that its governance arrangements reflect the principles of the Code of Corporate Governance.

5.3 The review of the effectiveness of Bexley's systems of internal control is informed by:

- The work of our external auditors, Ernst & Young
- The work of our internal audit and assurance function
- Reviews completed by external regulators including Ofsted, the Youth Justice Board and the Care Quality Commission and compliance checks completed by the BSI
- The annual self-assessment assurance statements completed by the Chief Executive and Directors of Finance and Corporate Services, Adult Social Care and Health, Children's Services and Place
- Risk management activity completed during the year.

These reviews have demonstrated that, whilst no system of internal control can eliminate all risk, the Council operates an appropriate system of internal control.

5.4 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:

- Work undertaken by the Chief Executive and the Corporate Leadership Team who meet weekly to review the delivery of strategic, operational and financial plans and direct the Council's activity.
- The Directorate Leadership Teams are responsible for ensuring that the Council's systems of internal control ensure the Council meets its legal and regulatory obligations and this is monitored throughout the year through the review of operational and strategic plans.
- Council and its Committees review, scrutinise and challenge Bexley's governance arrangements and operations throughout the year.

5.5 After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

- The governance framework described above has been in place at the London Borough of Bexley for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

Signed

Councillor Baroness O'Neill of Bexley OBE	**Paul Thorogood**
Leader, London Borough of Bexley	**Chief Executive, London Borough of Bexley**

APPENDIX 1 – Governance Issues

SECTION A – Governance Issues and Challenges in 2023/24

The 2023/23 AGS identified three governance challenges for 2023/24where improvements in Bexley governance arrangements would enable the Council to best meet those challenges. The information provided below gives high levels summaries of the actions taken by management to address the governance issues set out in the Action Plan appended to the 2022/23 AGS. The information contains details of oversight of delivery however it should be noted that more detailed progress reports are provided to the Council's Committee including Scrutiny Committees, Project and Programme Boards and management groups.

Issue to be Addressed	**Health & Safety of Council Properties**
Responsible Officer	**Head of Property & Facilities Management**
Details	This issue highlights a potential risk of non-compliance with Health & Safety regulations within properties owned and leased by the Council and the compliance management arrangements that ensure all properties are safe for residents, tenants, visitors and staff. The Council receives external accreditation through ISO45001 which is reviewed every six months, and this has and continues to be maintained. Good progress has been made however further work needs to take place to give the level of internal assurance required at a more detailed and operational level.
Planned Actions 2023/24	• Restructure of Property & Facilities Management and Health & Safety functions to be consulted and implemented. The focus of the restructure is Property & Facilities Management and will move more work into the corporate function for better oversight and management and will also include a refined schedule of roles and responsibilities for services managing buildings. • A standardised site survey will be completed on a regular basis, based on property, by all Property & Facilities Management and Health & Safety staff. This will allow the triangulation of the information held corporately, by individual services and pick up current issues. • New opening and closing checklists for all properties are being rolled out and their use is being monitored through the Asset Management System (Tech Forge). • All compliance monitoring arrangements will be moved corporately for the Council's non-residential estate and leased in properties. This will ensure consistent oversight and management and assurance statutory tests have been completed and remedial works have been commissioned. • Stock condition surveys are currently underway and will be completed by the summer which will inform a programme

Issue to be Addressed	Health & Safety of Council Properties
	of capital investment over the medium term for the Council. • The Asset Management system (Tech Forge) will receive a number of process and customer journey improvements to ensure more automated processes are in place for fault reporting and the management information requirements are met. • Monthly reporting on staff completing their H&S Mandatory Training will be shared corporately to the Extended Leadership Team. • Housing Services will continue to manage the residential stock and performance on statutory compliance will continue to be monitored through corporate performance indicators.
End of Year Review 2023/24	• The Council has maintained its ISO450001 accreditation during 2022/23 and they have commented on the work of the Council in moving forward H&S management especially in relation to Property Services. • The Property & Facilities Management department was restructured and includes corporate H&S. • Better use of the Asset Management system (Tech Forge) to automate and monitor processes and produce management information. • Compliance monitoring arrangements have been further centralised for non-residential estate and leased in properties and introduced as a key performance indicator. This has ensured consistent oversight and management and assurance statutory tests have been completed and remedial works have been commissioned. • Stock condition surveys have been completed and a draft capital programme is in place to address the points raised for 2023/24 and for the subsequent ten years. This was provided to Finance & Corporate Services Overview and Scrutiny Committee in February 2023. • Monthly reporting on staff completing their H&S Mandatory Training is being shared corporately through Performance Reporting. • Housing Services have continued to manage the residential stock and performance on statutory compliance will continue to be monitored through corporate performance indicators.
Planned Action 2024/25	This issue will remain **open** and will be carried forward to 2024/25. • In 2024/25 all Property related budgets - will be centralised within Finance & Corporate Services. • The performance indicator suite for H&S compliance needs to broken into individual elements to provide further assurance.

Issue to be Addressed	**Setting a balanced budget for 2024/25**
Responsible Officer	**Director of Finance and Corporate Services**
Details	A balanced budget was set for 2023/24 and agreed by full Council based on the planning assumptions within the Medium-Term Financial Strategy. There continues to be a pressure over the medium term and a balanced budget will need to be set for 2024/25. Uncertainty around many aspects of the future funding model for Local Government still remain a challenge in the medium term and the impact of rising costs of living and wider economic issues are yet to be fully understood. These market conditions may impact on the Council's procurement programmes as costs rise.
Planned Action 2023/24	• Work will continue across the Council to embed effective budget management processes to ensure that financial forecasts are accurate and link back to the activities of individual services. • The Director of Finance and Corporate Services will monitor and report to Members regularly on the in year budget monitoring position and the Medium-Term Financial Strategy through Public Cabinet, Scrutiny and wider briefings. • Budget Managers will manage their budgets within agreed parameters and put in place recovery plans where this cannot be achieved. • Increased scrutiny of budget management will continue during 2023/24 to ensure the above point. • Officers will ensure demographic based funding is evidenced. • Modelling and analysis of inflationary pressures will be undertaken to understand their impact on the Medium-Term Financial Strategy.
End of Year Review	A balanced budget for 2024/25 was proposed and agreed by Budget Council in March 2024, however this required the use of one off balance to set a balanced position. The financial challenges facing the Council to be significantly challenging across the medium term and therefore need to be kept under consistent review and all mitigations put in place where possible to reduce expenditure and maximise income.
Planned Action 2024/25	This issue is **closed** as a balanced budget has been set for 2024/25. Due to the uncertainty regarding Council funding and the wider economic issues developing, a new significant governance issue regarding the financial challenges faced will be established for 2024/25 which include high inflation, supplier failure and interest rate rises.

Issue to be Addressed	**Children's Services Financial Control and Management Oversight**
Responsible Officer	**Director of Children's Services**
Details	Accurate forecasting of service demand and accurate budget management is necessary to ensure that the Council can effectively manage its budget. Given the wider economic pressures faced by the Council in 2023/24 and beyond, it is vital that existing budgets are managed, and pressures identified early in the financial cycle to ensure mitigations can be implemented. In previous years there has been significant volatility in the Children Services budgets for both Education and Children Social Care with period material movements.
Planned Action 2023/24	• A financial improvement plan is being established for Children's Services to address issues within budget management and demand forecasting and will be meeting on a weekly basis. • External support from a third party will be commissioned to review high care package costs to identify opportunities to reduced levels of expenditure. • A series of wider mitigations were identified as part of the Children Social Care and SEN Transport 'Deep Dive' which must be delivered. • The training needs of budget holders are being established and appropriate support and training will be provided to enable Officers to manage their budgets.
End of Year Review	A sustained focus on current and future budget resilience was held in 2023/24, this has been challenged by national rising unit costs of external placements for children, growing EHCP and associated transport requirements and a challenging recruitment market. To address this the following actions were undertaken: • A Financial Sustainability Leadership meeting is now in place, meeting every 2 weeks to review budget, efficiencies and planning within Children's Services chaired by DCS. There are examples from this work that have made efficiencies for example DCS agreement on maximum funding for housing provision under S17. • Panels are in place for agreement of spend and review, with a particular focus on CSC placements, in April 2023 £1.7m costs reductions were identified from a panel of which £1.5m were delivered. • The Safety Valve programme that was agreed by Government has been delivered in line with milestones and has received positive feedback from the DfE. • Early intervention services remain in place in CSC and have continued to receive grant funding, e.g. Parental Conflict Grant, Your Choice and DfE funding. The Staying Together team was shortlisted as a finalist for the national Social Work of the Year awards for effective practice in 2023/24. • Our Fostering Service has continued to develop new ways of working and delivered a sustained focus on recruitment of carers, retention is positive and for 2023/24 26 new fostering households were recruited. Our Fostering Service received a positive DfE checklist with areas of national best practice identified for promotion. Increases in fostering have addressed the increase in children in care 2023/24 to avoid the need for external Impendent placement as well

	as the need for young people/care leavers to be placed within external semi-independent placements. • Our SHiFT service has been up and running for 1 year and has match funding from national SHIFT, positive outcomes have been evidence for children as well as those linked to cost efficiency within year 1. • Our Children's Social Care Workforce Strategy and Action plan has been refreshed. CSC is currently 85% permanently staffed, had the best retention rate recorded and caseloads are presenting as manageable. Agency staff have reduced from 59 (March 2023) to 25 (March 2024) with further reduction identified. • Education teams retention is similarly positive and staffing levels are high with permanent, skilled employees and very low agency use. Staffing efficiencies have been made where possible, for example the restructure of School, Improvement Service. • Although pressures on budget, school transport approvals are growing at a slower pace than EHCP increased and are low cost, for example our use of PTAB's remains higher than benchmarks against other Boroughs. • We believe the quality of education provision at the LECB remains at least good, student retention is good and there are clear and tight governance arrangements in place; the LECB concluded 2023/4 with a surplus of £300k. • DLT and CLT discussion and attendance have been to review spend, contingencies and both short- and longer-term mitigation opportunities. • Throughout 2023/24 weekly and monthly Cabinet member meetings have been held as well as to shadow Cabinet Member. Budget briefings and regular reporting, especially in light of pressures, have been ongoing.
Planned Action 2024/25	This issue will remain open and will be carried forward to 2024/25 and actions will include: • Work collaboratively with the Children Services Directorate Leadership Team to ensure the robustness of financial forecasts through the budget monitoring process for both revenue (General Fund and Dedicated Schools Grant) and capital, directing remedial action where budget variances arise at a service level and failing that a Deputy Director and Directorate Level. • Ensure the delivery of mitigations identified in the Deep Dives for the Children Services Directorate, namely SEN Transport and Children's Placements putting in place mitigations where necessary. • Ensure the proactive delivery, monitoring and review of the Safety Valve programme for the high needs block within the Dedicated Schools Grant. Ensure that risks between the Safety Valve and SEND Improvement Plan are managed and fully understood by the DfE. • Work collaboratively with the Cabinet Member for Children Social Care and Cabinet Member for Education to identify further opportunities to increase income to the Council and reduce expenditure and submit for inclusion in the Medium Term Financial Strategy. • Continue to embed robust financial management across the Directorate and ensure that Heads of Service and Service Managers are held accountable for their budget forecasts and they are putting in place mitigations to reduced expenditure and maximise income. • To review pathways to better understand and 'tell the story' of where Children/Young People are entering the system and how we can work better with Partners including the voluntary sector to reduce demand for our services.

	• To work in partnership with Housing to identify the options available to Care Leavers for accommodation and ensure that the PAs and advocates are support the options that are pragmatically available. • Develop a Fostering Strategy and five year outlook for the service which sets our ambition for the future of fostering in Bexley to reduce third party placements.

SECTION B – Governance Issues and Challenges for 2024/25

The governance issues and challenges identified in 2023/24 which will remain open are:

- Health & Safety of Council Properties
- Children's Services Financial Control and Management Oversight

In addition, a new governance issues and challenge for 2024/25 is set out below:

Issue to be Addressed	**Setting a balanced budget for 2024/25**
Responsible Officer	**Director of Finance and Corporate Services**
Details	A balanced budget was set for 2024/25 and agreed by full Council based on the planning assumptions within the Medium-Term Financial Strategy. There continues to be a pressure over the medium term and a balanced budget will need to be set for 2025/26. Uncertainty around many aspects of the future funding model for Local Government still remain a challenge in the medium term and there is no certainty to date from the new government. The Council continues to face increased levels of demand and cost exposure. The Council needs to better align the Medium-Term Financial Strategy with the Corporate Plan and embed a culture of transformation and five year service planning.
Planned Action 2023/24	• Work will continue across the Council to embed effective budget management processes to ensure that financial forecasts are accurate and link back to the activities of individual services. • The Director of Finance and Corporate Services will monitor and report to Members regularly on the in year budget monitoring position and the Medium-Term Financial Strategy through Public Cabinet, Scrutiny and wider briefings. • Budget Managers will manage their budgets within agreed parameters and put in place recovery plans where this cannot be achieved. • Modelling and analysis of inflationary pressures will be undertaken to understand their impact on the Medium-Term Financial Strategy. • A programme to embed five year service planning and alignment of wider 'Resources' will commence and have an initial review by Council in March 2025.