

Draft Statement of Accounts

2019-2020



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Paul Thorogood
Director of Finance & Corporate Services

Dear Reader,

I am pleased to present the statement of accounts for the London Borough of Bexley for the financial year 2019/20, and I hope you will find it of interest.

My narrative report includes the financial statements with an overall explanation of the Council's financial position during 2019/20 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 2020. 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.

At the end of the financial year the Council was responding to the coronavirus (COVID-19) pandemic. The full financial impact of COVID-19 is unknown at the date of signing of the accounts, this is detailed further within the narrative report.

2019/20: A Performance Overview

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 in the future.

Our Corporate Plan is how we share our vision for Bexley in 2025 and our commitments to residents in delivering that vision. The plan is linked to **our Medium Term Financial Strategy** (which explains how we will resource and fund the vision and commitments).

Our five key priorities are:

1. Growth that benefits all
2. Clean and green local places
3. Strong and resilient communities and families
4. Living well
5. Innovation and self-sufficiency

Our Approach to Performance

To make sure we are on target to deliver our vision and commitments, we have agreed a set of performance indicators that we regularly manage, measure and communicate. The performance indicators show us what our target is and more importantly if we are on track to achieve our target.

We share and update our performance with elected Members regularly, as it's important to be open about how we're doing. We provide our elected Members with numerical data and written explanations of performance to make the information clear and open.

It's 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. Any weaknesses identified in our governance arrangements are reported to the General Purposes & Audit Committee as part of the Annual Governance Statement.

Our Performance in 2019/20

In 2019/20 we monitored 52 performance indicators. These indicators were all closely linked to our Corporate Plan and they showed us if we were on target to achieving our aims and commitments.

At the end of the financial year, in March 2020, we experienced the COVID-19 outbreak in the UK. This situation has impacted some of our performance in March, and undoubtedly will impact some of our performance in the 2020/21 financial year.

Our performance, compared to last year, has been stable and we are making some good progress towards our 2025 vision. Some of the performance indicators are the responsibility of the Council alone, but many of them are shared and achieved in partnership with colleagues across the public sector. There have been some challenges this year; we've seen demand for services increase, funding reduce and at the end of this reporting period the outbreak of the COVID-19 pandemic. We are a learning organisation and our performance this year helps us plan and adapt for next year, supporting the Council to agree evidenced ways to improve our performance.

In the following sections, we will provide a summary and look back at our performance trends over the financial year. We'll use the commitment headings from our Corporate Plan as the best framework for this summary.

Corporate Plan – Growth that benefits all

We have committed to delivering sustainable and quality growth in Bexley. We aim for growth that benefits all residents - delivering homes, jobs, skills and infrastructure to create a positive and lasting impact.

This year we've been continuing to work on realising the benefits of the new Crossrail Elizabeth Line station in the borough, in Abbey Wood. The delays in opening the Elizabeth Line by Transport for London have been a cause of frustration for our residents and businesses. We are expecting this important transport connection to deliver increased performance for jobs, skills and homes and are continuing to press for the line to be open and operational as soon as possible. We are also working with the Government alongside other local authorities and partners on the possible extension of Crossrail to Ebbsfleet to create further quality growth for Bexley. The whole Thames Estuary area is aiming for 1.3 million new jobs, £190 billion of economic growth potential and 1 million new homes, and we stand at the forefront of the campaign to secure this growth in a way that benefits our Borough.

We've opened a small business engine house this year to build on the entrepreneurial spirit of the borough. We've seen steady progress against our Local Plan and we've delivered

against our housing delivery test which in 2018/19 was 530 completions from the Ministry of Housing and Local Government and 566 completions from our local monitoring plan. The 2019/20 delivery plan will not be issued until September 2020 by the government.

Bexley is a safe borough, we're the third safest borough in London. Like London however we've seen increases in notifiable crime year this year. While theft has decreased, we've seen increases in public order offences, vehicle offences and violence against a person. We're working with our colleagues in the Police to keep Bexley a safe place to live and work.

Reducing domestic abuse is a key priority, and we've seen an increase in reported incidents of domestic abuse this year compared to last year. The rate of domestic abuse is lower in Bexley than the London rate, however, repeat incidents of domestic abuse MARAC cases (MARAC is a multi-agency risk assessment conference for domestic abuse) have slightly increased this year compared to last year. We monitor this closely and treat all incidents and cases as a priority. As such, we work closely with our partners to encourage more reporting and to provide support for those affected.

Having a high-quality home is important for all our residents and we are working to encourage sustainable housing growth in the Borough, including homes for sale, for private rent and social rent. Our Housing Strategy is being developed and will provide a strong guide to our residents and to prospective developers on our expectations for housing growth in the Borough, including securing increases in supply of affordable housing and homes for people with particular needs, such as care leavers and adults with disabilities.

The costs of housing continues to create pressures for households across London including Bexley and consequently, over the last year, more residents and families have gone into temporary accommodation. While the number of acceptances has increased, the rate of growth has not been as high as seen in previous years. The roll out of prevention strategies, including our implementation of the provisions of the Homelessness Prevention Act, has prevented more residents becoming homelessness compared to the previous year. The amount of time that residents are spending in emergency accommodation has reduced compared to the previous year.

However, we recognise the impact that going into temporary accommodation has on each household affected and the importance of providing those affected with support and assistance. The outbreak of COVID-19 in March has put additional pressure on our homelessness service and it is expected that this pressure will continue into 2020/21.

It is also critical that we have a good quality private rented sector and we've licensed 1,265 properties this year, which is more than the previous year. We will work with the sector to maintain standards and will take enforcement action when we need to do so.

Corporate Plan – Clean and Green Local Places

We're proud of having some of the best green spaces in London and we're committed to making the best of them. We aim for all residents to be able to access high quality green spaces and to be able to lead healthy and active lives. In our urban centres, we aim for accessible, safe and connected spaces that support residents to have a high quality of life. Importantly, we aim for all residents to take pride in their environment and for us to improve our impact on the environment.

Bexley's green spaces are excellent. In the past year, Lesnes Abbey Woods and Hall Place and Gardens were both awarded Green Flag status. Lesnes Abbey was awarded a Green Flag for the first time last year but Hall Place and Gardens has achieved this for 23 years in a

row. This year Danson Park had been voted winner of the London Region in the UK's Best Park competition run by Fields in Trust.

We lead the way in recycling and our residents have helped us secure the highest recycling rate in London for the 15th year in a row. This year, we've rolled out two recycling wheelie bins per household (to replace the three boxes residents used to have for recycling). The number of residents recycling their garden waste collection has increased this year, with over 40,000 households now signed up to this service.

We had the lowest incidence of fly tipping in South East London in 2018/19 and the fourth lowest in London. However, we have seen reported incidents of fly tipping increasing this year, compared to last year. The launch of the 'Fix My Street' has increased the number of reports, with more residents being able to quickly and conveniently report fly tipping. In addition, we've taken more enforcement action and rolled out publicity across our communities and provided mobile CCTV in fly tipping hotspots.

We received fewer requests, enquiries and complaints about street cleansing and we've had to issue fewer littering fines due to positive support from our residents in keeping Bexley clean.

Corporate Plan – Strong and Resilient Communities and Families

It's our communities that make Bexley brilliant, and our aim is for communities to be safe, supported and resilient. We aim that our communities take action, volunteer and feel empowered. Our #DoltForBexley initiative is highlighting some of the many fantastic examples we have in the Borough. We aim for vulnerable young people and adults to be supported and not disadvantaged.

More residents have become community litter pickers this year, over 350 residents are championing their communities to be better places to live.

Every child in Bexley deserves the very best start in life and we are proud that our children's services are rated by Ofsted as Outstanding. The percentage of our nurseries that are good or outstanding has remained stable at 95% for the year. Over the year, the number of our pupils attending good or outstanding schools has slightly fallen, however we have seen a rise in primary pupils attending good and outstanding schools. The proportion of schools in Bexley that are judged good or better is similar to the national average.

There have been slightly more permanent exclusions in Bexley schools this year, although we have seen a reduction in school days lost due to fixed term exclusion. Bexley absence rates and persistent absence rates are better than national averages.

In addition, significantly fewer of our young people are accessing apprenticeships. This fall has been seen nationally following the apprenticeship reforms and Bexley is following this trend. We continue to host Bexley's Apprenticeship Strategy Group to identify challenges and concerns for local apprenticeship providers and consider what we can strategically do to support apprenticeship opportunities for our young people.

For our pupils who need additional support, we have seen a steady increase in the number of children with Education, Health and Care (EHC) Plans maintained by Bexley over the past year. Some of this increase is due to the movement of residents with EHC Plans who move into and out of the borough. Our performance on processing EHC plans assessments is high, with 95% of assessments processed within the 20-week statutory limit, which is significantly above the national average of 60%.

We support young people across the borough to live positive lives. Our youth offending service has seen a slight fall in the number of first time entrants, reporting 58 young people (rate of 237 per 100,000 population) for the period October 2018 to September 2019 compared to 61 first time entrants (rate of 250 per 100,000 population) for the period April 2018 to March 2019. The proven rate of re-offending has increased from 36% for the January to March 2017 cohort to 40.5% for the January to March 2018 cohort.

Providing high quality early support to children and families is important in preventing future challenges. Over the last year, the Family Wellbeing service has been able to support an average of 326 children per month, more than the average of 309 children per month in 2018/19.

The number of 'Children in Need' in the borough, those who are supported by Children's Social Care who have safeguarding and welfare needs, has slightly increased from a monthly average of 1,612 in 2018/19 to 1,664 in 2019/20. There has been an increase in children subject to a child protection plan (monthly average of 147 children in 2019/20 compared to the monthly average of 117 children in 2018/19) and a slight increase in the number of children looked after (monthly average of 235 in 2019/20, compared to the monthly average of 227 in 2018/19).

It is important that children who need extra support and safeguards can build positive futures and this is a focus across Council services. The percentage of care leavers in suitable accommodation after their period of care ends remains stable at 98% and we have exempted care leavers from paying council tax up to the age of 25. There has been a slight increase in the percentage of care leavers accessing education, employment or training from 69.3% in March 2019 to 70.1% in March 2020 and we continue to work with partners and look at ways to help care leavers maximise their potential and live fulfilling lives.

Corporate Plan – Living Well

Residents tell us that living well matters to them. Living well is all about our residents feeling in control and positive about their lives. We aim for residents to have good quality housing choices, have empowering social care, access to aspirational education and to live healthy and independent lives. And for our young residents with disabilities and special educational needs, we aim for the best possible opportunities and outcomes.

Our Prevention Strategy, launched in the last year, will improve outcomes for our residents by preventing issues in the future, like ill-health from obesity and smoking for example. Bexley has the second highest rate of excess weight in London for reception aged children and has the highest rate amongst its closest and most similar neighbours. Smoking is the borough's biggest contributor to ill-health and premature death, and we're proud to be the best in London for supporting residents to successfully stop smoking. Over the past year more Bexley residents have successfully quit smoking with treatment and support from the Bexley Stop Smoking service than in the previous year.

This year fewer residents have taken part in Council run physical activity, but we are aware of an expansion of health providers in the Borough in recent years, such as 24/7 gyms, and the use of fitness apps that residents use in the Borough to structure and develop their own activities and fitness programmes.

Over the last year we've been working with and listening to residents to deliver empowering adult social care.

We know that maintaining independence, after being in hospital or a period of reablement, is key to living well. Over the past year a higher percentage of residents have been enabled to remain living in their own home 91 days after discharge from hospital. Bexley performs (91.2% as at December 2019) better than London and England average (83% for 2018/19).

When our residents have to go to hospital it's important that we work together with our NHS partners to make sure they can come home, without delay, when they are well enough. The number of delayed bed days (attributable to the council's Adult Social Care service) has worsened compared to last year and may not achieve its target. And when we look at our combined performance with our NHS colleagues, Bexley has worsened its position compared to last year but is still likely to achieve its target.

Long term care is the term for residential, nursing and community care. We want as many of our residents to not need long term care, because it's better to live healthy and independent lives in their own homes. The rate of clients aged 18 or over accessing long term community support has slightly increased over the past year.

Key to independence is being able to make your own choices and to purchase the care you need, and that's why direct payments are so important. Over the last year, more clients accessing community based long term support received a direct payment. Our performance is below the London and England average, but we expect a very significant upward shift in the take-up of direct payments next year following significant investment this year in a new project and way of working.

Corporate Plan – Innovation and Self Sufficiency

Our aim is use new technology and new ideas to be more efficient in what we do and how we do it, and to be as financially self-sufficient as possible. A survey carried out earlier this year indicated that local people are interested in making the switch to electric vehicles but that their greatest concern is the availability of charging points. This year the Council installed 26 new charging points throughout the Borough to help residents feel confident about switching to cleaner, greener electric vehicles.

We are also rolling out more channels for digital communication and interaction with the Council to enable residents to engage in our services and make enquiries when it is convenient to them. Improving our digital offer will also make it easier for residents to report issues and for enquires to be tracked and resolved.

2019/20: A Financial Overview

The Budget and Council Tax for 2019/20 was set by Full Council in March 2019 in the context of the Council's Medium Term Financial Strategy covering the period 2019/20 to 2022/23. 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 financial pressures as a result of funding formula changes by central Government in the mid-2000s, followed by the fiscal changes brought about as a consequence of the financial crisis and the scale of central Government borrowing. Uncertainty surrounding the future of local government funding, 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 focus of the Council in order to deliver a balanced budget has continued to focus on saving, efficiency and transformation opportunities in order to ensure we deliver the services local people need and ensure the safety of our vulnerable residents.

In a number of cases the savings have been delivered by transforming how we work and improving our efficiency with a clear focus on having no direct impact on residents. The capital programme has focussed on supporting our infrastructure and investments in the borough.

In 2019/20 the Council had a General Fund Budget of £174.195m. The Council Tax requirement for the borough was £110.503m. The remaining income comes from government grant and Non-Domestic Rates. The Council continued to pool its business rate income in 2019/20 with the rest of London. The budget included general fund savings of £8.155m but growth was also required of £15.284m. The final General Fund outturn was £176.782m which is an overspend of £2.587m.

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 £3.519m overspend. Once corporate budgets and funding have been taken into account, there is an overspend on the general fund of £2.587m. The £2.587m has been funded through the General Fund reserve.

Budget, Outturn and Variation 2019/20 by Directorate

	Budget 2019/20 £'m	Outturn 2019/20 £'m	Reserve Movements £'m	Final Outturn £'m	Variation 2019/20 £'m
Chief Executive	1.524	1.524	-	1.524	-
Total Chief Executive	1.524	1.524	-	1.524	-
Children's Services	34.724	35.837	(0.973)	34.864	0.140
Education	12.498	13.343	(0.504)	12.839	0.341
Skills and Resources	1.559	2.440	(0.507)	1.933	0.374
Total Children and Education	48.781	51.620	(1.984)	49.636	0.855
Adults' Services	57.067	57.268	(0.348)	56.920	(0.147)
Public Health	(1.030)	(0.155)	(0.875)	(1.030)	-
Total Adult Social Care and Public Health	56.037	57.113	(1.223)	55.890	(0.147)
Protection, Housing and Public Realm	45.452	46.811	(0.272)	46.539	1.087
Communities, Libraries, Leisure and Parks	13.627	14.936	(0.838)	14.098	0.471
Regeneration	1.118	2.293	(0.417)	1.876	0.759

	Budget 2019/20 £'m	Outturn 2019/20 £'m	Reserve Movements £'m	Final Outturn £'m	Variation 2019/20 £'m
Director	0.066	1.395	(0.636)	0.758	0.692
Total Places, Communities & Infrastructure	60.262	65.434	(2.163)	63.271	3.008
Finance and Corporate OneSource	6.338 (0.529)	6.036 (0.238)	(0.187) -	5.849 (0.238)	(0.489) 0.291
Total Finance and Corporate	5.810	5.799	(0.187)	5.612	(0.198)
Total Directorate outturn	172.414	181.490	(5.557)	175.933	3.519
Corporate budgets	1.781	1.339	-	1.339	(0.441)
TOTAL	174.195	182.829	(5.557)	177.272	3.078
Total External funding	(174.195)	(181.915)	7.229	(174.685)	(0.491)
Final Outturn	-	0.915	1.673	2.587	2.587

The main variations by Directorate are shown below:

Children & Education's overspend of £0.855m. There is a significant adverse year-end movement of £0.374m in respect of the Learning and Enterprise College (LECB) including Skills and Resources. This variation was not expected, and has revealed a control weakness as the college have their own accounting system which isn't maintained against the Councils. Measures are being put in place to address this.

The main financial pressure within children social care related to staffing (£0.258m) and Care leavers (£0.219m). This overspend on staffing relates to the continuing challenges around the labour market for children social workers. While Bexley has an excellent record of recruiting and retaining permanent staff compared to most other boroughs, there has been some use of locums to cover key front-line roles during the year and this has generated additional cost.

The overspend on care leavers is as a result of significant growth in the numbers of former looked after children reaching 18 and the national extension of the age range for which our care leavers are entitled to support to 25. This growth also includes unaccompanied asylum-seeking children. As a result, overall numbers are currently growing by more than 18% a year. In addition, while Government grant support has improved recently it remains the case that it does not fully cover the cost of supporting those care leavers who are former unaccompanied asylum-seeking children.

Significant additional expenditure has also been incurred on transport for children with special educational needs as a result of increased demand for transport in the academic year (final variation £1.021m).

These pressures were offset by underspends on specialist placements (£0.3m) together with a number of underspends across Education budgets (£0.3m) and additional income from traded services (£0.120m).

Adult Social Care and Public Health underspend of £0.147m. The main service budgets finished the year in line with forecast, but opportunities were taken to eliminate the expected overspend for the year through increased capitalisation of expenditure on equipment

(£0.146m), reviewing and reducing the level of contribution to the provision for bad debts (£0.112m) and using an Adult Social Care provision of £0.760m.

The overspending budgets included the staffing budget (£0.632m) as a result of delays in achieving savings around Adult Social Care Pathways and Bexley Care and through use of agency staff (some of whom were originally expected to end their assignments at the end of March, before the outbreak of the pandemic);

A significant overspend also incurred on residential and supported living care placements totalling £1.107m (or 3.5% of budget). The main pressure here is high cost placements for supported living placements for people with learning disabilities;

Additional expenditure was also incurred on direct payments (£0.909m) reflecting efforts to increase personalisation, with the numbers taking a direct payment increasing from 330 to 392 over the past year. The budget will be re-aligned in 2020/21 to reflect the greater proportion of service users accessing care through this route;

An overspend on home care of £0.178m (or 1.2% of budget) was partly offset by additional income from service users under Fairer Charging (£0.135m);

The additional expenditure on care packages noted above was funded by use of government grants including winter pressures (£0.828m) and Better Care Fund (£0.631m). In addition, some of the services commissioned by Adult Social Care meet health needs and therefore attract joint funding income from the CCG, which exceeded the anticipated budget by £0.741m.

Places, Communities & Infrastructure overall overspend was £3.008m which was mainly due to an overspend of £1.6m on Housing, £0.985m on Waste services and £0.483m on commercial rent.

The scale of the variation in housing is being reviewed, including the causes of the variation, the quality of forecasting and reporting processes. Consequently, more robust financial and non-financial controls are being implemented within the service as part of an action plan to reduce the risk of major variations in forecasting reoccurring.

Costs for the storage of bins at Erith Distribution Centre amounted to £0.350m. The four-month delay in service roll out within Collections created a pressure of £0.276m. This pressure would have been £0.530m but £0.254m was met from contingency funds. There were also income shortfalls of £0.200m relating to commercial waste where external competition has taken away sales. Income relating to recycling activity also struggled to meet targets due to market conditions.

The Regeneration Service adverse variance of £0.759m is predominantly as a result of Commercial rent income underachievement of £0.483m due to vacant properties reported during the year. This has also generated an increased liability for the Council in relation to NNDR of £0.169m.

Finance & Corporate Services overall position was an underspend of £0.198m.

A number of one-off adjustments were concluded in 2019/20 which released funds from the balance sheet of £0.678m. The No Recourse to Public Funds budget also underspent by £0.489m as a result of a lower than expected number of people accessing services during 2019/20. These underspends were offset by overspends in financial services provided by oneSource of £0.290m as a result of an increased level of posts filled by agency staff, and a shortfall of income against target in relation to enforcement services due to a lower proportion

of cases being passed to the oneSource enforcement team than Newham and Havering. On Facilities Management, the resolution of historic previously disputed historic invoices represented a cost pressure of £0.400m.

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

The table shows an outturn underspend of £0.441m for Corporate Budgets. For the final outturn the underspend on Contingency was £1.273m as there were fewer calls on the contingency budget than expected.

Interest payable and interest receivable ended the year with a net underspend of £0.635m, this was as a result of the decision to dispose of the Diversified Growth Fund. The favourable movements were partially offset by movements in capital charges and increased borrowing to fund capital incurred in 2018/19 which increased the Minimum Revenue Provision (MRP) charge.

There has been a very significant cost pressure in respect of services for children and young people with special educational needs funded through the High Needs Block of the **Dedicated Schools Grant** (DSG). The number of Education Health and Care Plans has increased by almost 18% in the course of a year and this, combined with increasing complexity of need, has caused an overspend of around £1.6m on the High Needs block (in addition to a planned drawing on reserves of £3.2m already assumed in the budget).

As a result of this pressure, Bexley will carry forward for the second year running a significant accumulated deficit on the DSG reserve of around £8.0m. A deficit budget of £4.5m has been set for 2020/21 which means that the accumulated deficit is likely to worsen to more than £12m by March 2021.

Capital Outturn

During the year, the Council's capital outlay was £60.2m against a revised budget of £73.9m, with an aggregate slippage of £13.7m. A robust review will also take place to ensure that all schemes are required in future years. The nature of the variance in 2019/20 relates to the profiling of expenditure and the level of activity on projects, as opposed to schemes being cancelled.

Directorate	2019/20 Original Budget	2019/20 Revised Budget	Addition/ (deletions)	(Slippage)/ accelerate dspend	2019/20 Outturn	Variance to Revised Budget	
	£'m	£'m	£'m	£'m	£'m	£'m	%
Children and Education	26.666	20.993	0.071	0.062	21.126	0.133	(1%)
Adult Social Care & Public Health	4.064	0.759	-	(0.301)	0.458	(0.301)	(40%)
Places & Communities	63.933	34.957	0.085	(7.849)	27.193	(7.764)	(22%)
Finance and Corporate	52.988	17.156	(0.556)	(5.194)	11.406	(5.750)	(34%)
Total Capital Expenditure	147.651	73.865	(0.400)	(13.282)	60.183	(13.682)	(19%)

Bexley's Balance Sheet

The Council maintained a strong balance sheet, with £897.686m of Long Term Assets as at 31 March 2020 and Current Assets of £92.780m, Current Liabilities of £78.462m, and Long Term Liabilities of £421.917m. Furthermore, the Council has usable reserves of £42.908m.

	As at 31/03/2019 £'m	As at 31/03/2020 £'m
Long Term Assets	932.036	897.685
Current Assets	69.365	92.780
Current Liabilities	(55.327)	(78.462)
Long Term Liabilities	(439.706)	(421.917)
Net Assets	506.368	490.086
Represented By		
Usable Reserves	(57.934)	(42.908)
Unusable Reserves	(448.434)	(447.178)
Total Reserves	(506.368)	(490.086)

Reserve Levels

As the Section 151 officer, I have also taken account of the reserve levels and I have advised that a prudent level of General Fund reserves is at least £12m. This level is required to ensure there are sufficient resources for both working capital and to cover emergency expenditure. The General Fund level of reserves has fallen below my recommended level and plans are being put in place to recover those reserves during 2020/21.

	31/03/2018 £'m	Movement £'m	31/03/2019 £'m	Movement £'m	31/03/2020 £'m
Earmarked Reserves	(46.984)	16.358	(30.626)	3.760	(26.866)
General Fund	(13.732)	1.000	(12.732)	2.587	(10.145)
General Fund Reserves	(60.716)	17.358	(43.358)	6.347	(37.011)

Over the years, Bexley has prudently built up a number of earmarked reserves. Some are to fund very specific purposes, while others are to support future transformation programmes, such as the Financial Planning Reserve.

In 2019/20 the budget was set with a level of reserves being called upon. The drawdown of earmarked reserves was in line with those planned and related to an investment in projects that are planned to deliver a financial return in future years. The 2020/21 budget has removed the use of ring fenced reserves.

Borrowing and Capital Financing

The Council currently has £237.768m of financial liabilities outstanding as at 31 March 2020. During the financial year the Council took new long term external borrowing of £21.000m. There has also been new external short term borrowing of £14.000m.

The Capital Programme for 2019/20 to 2022/23 was agreed by the Council in March 2019. This outlined the capital expenditure planned of £122.725m for 2019/20 and £215.746m for the following years (excluding rephrasing of remaining 2018/19 schemes).

Collection Fund Rates for Council Tax and National-Non Domestic Rates

The collection rates achieved during 2019/20 are summarised below:

	Budget %	Actual %
Council Tax	96.33	96.33
Business Rates	98.95	98.58

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 2019/20. The impact of these valuations is reported within the notes to the accounts.

Significant Changes in Accounting Policies

The accounts for 2019/20 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 2019/20 Code incorporates required accounting standard amendments, although there were no material impacts on the Council 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 2020, the Budget Gap was £29.264m, with the biggest pressure on 2021/22 as shown below.

	2021/22 £'m	2022/23 £'m	2023/24 £'m
February 2019 – Budget Gap	20.188	4.302	4.774

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

- Maximising the potential of income generation and taking a clearly commercial approach where appropriate to do so;

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

On 16 March 2020 the country went into lockdown as a result of the COVID-19 virus. The impact of which has been felt across all areas of the economy and has had a significant effect on local government finances.

Economic Climate

Since 2011 the Council has delivered approximately £117m of efficiency savings to maintain a balanced budget ensuring it balances the reduction in funding received from central government and growth in demand for some services. There are a number of uncertainties relating to local government funding that will impact the Councils finances over time. These include:

- In early 2019, the Government consulted on reforms to the Business Rates Retention Scheme, and this may mean a change to the proportion of Business Rates funding the Council retains locally. This was planned to be implemented in 2020/21 but has now been delayed.
- At the same time, a fair funding review is being carried out, which will set new baseline funding allocations for local authorities. Together with the uncertainties around the outcome of the next Spending Review could have a significant impact to the funding of the Council. On 13th December 2018, the government published a technical paper on the "Review of local authorities' relative needs and resources", which consulted on the assessment of relative needs, relative resources and transitional arrangements. This consultation outlined Government proposals to change the way in which the funding, and assessment of need is calculated for Local Authorities. Again, this was planned to be implemented in 2020/21 but has now been delayed.
- The impact of negotiations to leave the European Union may also have wider impacts on the Councils finances in future years.

A more detailed financial outlook for the Council can be found in our medium term financial strategy which was presented to Public Cabinet in February 2020.

Impact of COVID-19

The COVID-19 pandemic has had a major impact on the Council, although the financial impact will be primarily in 2020/21. The most significant impacts have been loss of car parking income, commercial rent deferrals, loss of income from leisure facilities and other fees and charges. The Council has incurred additional expenditure to ensure that key services such as homelessness prevention, adult social care and children social care are maintained.

The Cabinet Office issued Procurement Policy Note (PPN) in March 2020 relating to Supplier Relief - PPN 02/20: Supplier relief due to COVID-19. This note aims to guide public sector bodies to provide support to suppliers and contractors, which includes making advanced payments and enter into open book accounting. Appropriate support will be agreed for

suppliers for a fixed period in line with the PPN where it is clearly demonstrated that they are in financial difficulty. Further support will be considered at the end of this period, taking into account current Government guidance and policy.

The Council has received some Government funding towards the additional costs and reduced income. The final financial impact will depend on the level of Government funding received and how quickly services are able to return to pre COVID-19 operating levels. The Local Government Secretary has made public assurances that Local Government will have the resources it needs to meet COVID-19 challenges.

Whilst the Council's un-ringfenced General Fund reserve would have some capacity to absorb some of the financial impact, a robust financial plan will be required to ensure the sustainability of the council's finances are maintained and this will form a substantial part of the financial resilience recovery work.

Over the next few months, officers will be reviewing the Medium Term Financial Strategy, taking into account the 2019/20 final outturn and the financial impact of COVID-19.

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 and specific grants to deal with COVID-19 have been paid and received. Cashflow is being closely monitored to ensure sufficient funds are available for daily requirements.



Paul Thorogood ACCA CPFA
Director of Finance and Corporate Services
London Borough of Bexley

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 & Corporate Services;
- To manage its affairs in order to generate an economic, efficient and effective use of resources and to safeguard its assets; and
- To approve the Statement of Accounts.

The Responsibilities of the Director of Finance & Corporate Services

The Director of Finance & Corporate Services is ultimately responsible for the preparation of the Council's Statement of Accounts, which in terms of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("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 2020. 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; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that the Accounts present a true and fair view of the financial position of the Council as at 31 March 2020 and of its income and expenditure for the year ended 31 March 2020.

Date:

Signature:

Paul Thorogood ACCA CPFA
Director of Finance and Corporate Service

I confirm that the 2019/20 Statement of Accounts for the London Borough of Bexley and Bexley Pension Fund were approved by the General Purpose and Audit Committee on 29 July 2020.

Signature:

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

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Comprehensive Income and Expenditure Statement and immediately precedes the Comprehensive Income and Expenditure Statement.

Expenditure and funding analysis adjustments are explained in Note 7a

2018/19			2019/20		
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
3,659	4,998	8,657	50,107	(1,100)	79,007
46,069	7,704	53,773	41,172	29,120	70,262
50,604	(2,693)	47,911	48,317	23,518	71,835
48,404	13,248	61,651	26,728	8,270	34,998
12,499	25,921	38,420	5,281	2,254	7,535
161,235	49,178	210,412	171,605	62,062	233,667
(160,235)	(23,163)	(183,397)	(169,016)	44,346	(124,670)
1,000	26,015	27,015	(Surplus) or Deficit on Provision of Services	2,589	106,408
(13,732)			Opening Combined General Fund Balance	(12,732)	
1,000			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	2,589	
(12,732)			Closing Combined General Fund Balance	(10,143)	

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.

2018/19			Notes	2019/20		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
15,146	(6,489)	8,657		16,055	(8,520)	7,535
158,921	(105,148)	53,773		248,271	(177,980)	70,292
89,330	(41,419)	47,911		103,325	(54,317)	49,007
96,105	(34,454)	61,651		109,521	(37,686)	71,835
135,485	(97,065)	38,420		122,453	(87,455)	34,998
494,987	(284,575)	210,412		599,625	(365,958)	233,667
	152		Other Operating Expenditure	11		62,785
	6,345		Financing and Investment Income and Expenditure	12		16,974
	(189,894)		Taxation and Non-Specific Grant Income	13		(204,429)
	27,015		Deficit on Provision of Services			108,997
	(74,047)		Surplus on Revaluation of PPE and Heritage Assets	14,15		(41,917)
	(437)		Other Movements on Revaluation of Non Current Assets			
	7,874		Remeasurements of the Net Pensions Defined Benefit Liability	25		(50,798)
	(39,595)		Total Comprehensive Income and Expenditure			16,282

Movement in Reserves Statement 2019/20

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.

	General Fund Balance	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 31 March 2019	(12,732)	(30,626)	(43,358)	(1,892)	(12,684)	(57,934)	(448,434)	(506,368)
Movement in Reserves during 2018/19								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	108,997	-	108,997	-	-	108,997	-	108,997
Other Comprehensive Income	-	-	-	-	-	-	(92,715)	(92,715)
Total Comprehensive (Income)/Expenditure	108,997	-	108,997	-	-	108,997	(92,715)	16,282
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(102,648)	-	(102,648)	1,492	7,185	(93,971)	93,971	-
Net (Increase) Before Transfers To Earmarked Reserves	6,349	-	6,349	1,492	7,185	15,026	1,256	16,282
Other adjustments								
Transfers To/(From) Earmarked Reserves (Note 10)	(3,760)	3,760	-	-	-	-	-	-
(Increase)/Decrease In Year	2,589	3,760	6,349	1,492	7,185	15,026	1,256	16,282
Balance At 31 March 2020	(10,143)	(26,866)	(37,009)	(400)	(5,499)	(42,908)	(447,178)	(490,086)

Movement in Reserves Statement 2018/19

	General Fund Balance	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 31 March 2018 Restated	(13,732)	(46,984)	(60,716)	(159)	(13,341)	(74,216)	(392,557)	(466,773)
Movement in Reserves during 2017/18								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	27,015	-	27,015	-	-	27,015	-	27,015
Other Comprehensive Income	-	-	-	-	-	-	(66,610)	(66,610)
Total Comprehensive (Income)/Expenditure	27,015	-	27,015	-	-	27,015	(66,610)	(39,595)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(9,657)	-	(9,657)	(1,733)	657	(10,733)	10,733	-
Net (Increase) Before Transfers To Earmarked Reserves	17,358	-	17,358	(1,733)	657	16,282	(55,877)	(39,595)
Other adjustments								
Transfers To/(From) Earmarked Reserves (Note 10)	(16,358)	16,358	-	-	-	-	-	-
(Increase)/Decrease In Year	1,000	16,358	17,358	(1,733)	657	16,282	(55,877)	(39,595)
Balance At 31 March 2019	(12,732)	(30,626)	(43,358)	(1,892)	(12,684)	(57,934)	(448,434)	(506,368)

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 March 2019			31 March 2020
£'000		Notes	£'000
774,895	Property, Plant and Equipment	14	753,957
26,641	Heritage Assets	15	26,474
91,307	Investment Property	16	84,163
587	Intangible Assets	17	585
31,308	Long Term Investments	18	22,090
7,297	Long Term Debtors	20	10,464
932,036	Long Term Assets		897,733
272	Short-term Investments	18	324
2,526	Inventories	19	2,777
61,311	Short Term Debtors	20	74,909
5,256	Cash and Cash Equivalents	21	19,946
69,365	Current Assets		97,956
(4,814)	Cash and Cash Equivalents Overdrawn	21	(5,222)
(3,292)	Short-Term Borrowing	18	(14,717)
(39,805)	Short-Term Creditors	22	(59,296)
(7,416)	Provisions	23	(4,684)
(55,327)	Current Liabilities		(83,919)
(2,227)	Long-Term Provisions	23	(2,188)
(202,061)	Long Term Borrowing	18	(223,051)
(31,629)	Other Long-Term Liabilities	34	(29,496)
(194,484)	Pension Liabilities	41	(160,492)
(9,305)	Capital Grants Receipts in Advance	13	(6,457)
(439,706)	Long Term Liabilities		(421,684)
506,368	Net Assets		490,086
(57,934)	Usable Reserves		(42,908)
(448,434)	Unusable Reserves		(447,178)
(506,368)	Total Reserves		(490,086)

I certify that the Balance Sheet represents a true and fair view of the council's financial position as at 31 March 2020.

Paul Thorogood

Date

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.

2018/19 £'000		Note	2019/20 £'000
(27,015)	Net Surplus/(Deficit) on Provision of Services		(108,997)
62,046	Adjustments to the Net (Surplus)/Deficit on the Provision of Services for Non-Cash Transactions	26	120,865
(26,269)	Adjustments to the Net (surplus)/Deficit on the Provision of Services that are Investing and Financing	26	(30,012)
8,762	Net Cash Flows from Operating Activities		(18,144)
(42,883)	Net cashflow from Investing Activities	27	1,965
30,402	Net cash flow from Financing Activities	28	30,461
(3,719)	Net Increase/Decrease in Cash and Cash Equivalents		14,282
4,161	Cash and Cash Equivalents at the Beginning of the Period		442
442	Cash and Cash Equivalents at the End of the Period		14,724

Note1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the Accounts to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (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.

The Accounts are prepared on a **going concern basis**, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

1.2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 inventory 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.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand, balances on the Council's current bank accounts and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are 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 Exceptional Items

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

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

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

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

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

1.6 Charges to Revenue for Non-Current Assets

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

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

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

1.7 Collection Fund Income and Expenditure Account

Council Tax and Non-domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in

respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

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).

Accounting for Council Tax and NDR

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

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, 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 Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Council Tax Reduction Scheme (CTRS)

Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing Council's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. From 2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

1.8 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the 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 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.

The accrual for outstanding leave is based on a sample of staff for non-schools staff and non-teaching staff in schools, and for teaching staff follows CIPFA guidance.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service segment or where applicable to a corporate service segment, when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

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

Post-Employment Benefits

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

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education;
- The Local Government Pension Scheme administered by the 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; and
- The National Health Service (NHS) Pension Scheme, administered by the Department of Health through the NHS Business Services Authority.

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 Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adult Social Care and Public Health in the CIES is charged with the employer's contributions payable to the NHS scheme in the year.

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

- The liabilities of the London Borough of Bexley pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the redemption yields available on long-dated AA-rated corporate bonds, as required by the Local Authority Accounting Panel).

The assets of the London Borough of Bexley pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Net interest on the net defined benefit liability i.e. net interest expense for the 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.
- Re-measurements comprising:
 - The return on plan assets excluding amounts included in net interest on the net defined benefit liability charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the London Borough of Bexley Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the

award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.9 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 2020 – and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- 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.

1.10 Financial Instruments

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

Financial assets and 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

Financial Assets

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

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

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

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 Instruments Adjustment Account in the Movement in Reserves Statement.

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

Financial assets measured at fair value through other comprehensive income (FVOCI) Where the council holds investments with the objective of collecting contractual cash flows and selling assets in order to meet long term investment requirements while ensuring the council is not subject to a high degree of credit risk. These assets are measured at FVOCI

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

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

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.

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

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

Expected credit loss model

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

The council 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.

Financial liabilities

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.

1.11 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 at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.12 Government Grants and Contributions

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

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

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

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

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

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as

principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

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

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

1.13 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 local area.

Heritage Assets—measurement and valuation

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The Carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where the asset has suffered physical deterioration, breakage or where doubts arise as to its authenticity. Such impairment will be recognised and measured in accordance with the council's general policies on impairments.

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.

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) 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. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15 Interests in Companies and Other Entities

The Council has material interests in BexleyCo Homes Company 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 2019/20.

Group Accounts 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.

1.16 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet and are measured at the lower of 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 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.

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 Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. There are currently no material operating leases.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

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.

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

Operating Leases

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

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.

1.19 Overheads and Support Services

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

1.20 Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase prices.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The 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, community assets and assets under construction – depreciated historical cost.
- Council Offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is an estimate of current value.
- 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 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), 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 yearend. 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.

At London borough of Bexley, all property valuations are currently carried out by Wilks Head & Eve. Heritage assets are valued by Barrett Corp Harrington.

The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

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 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, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting

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

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

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

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

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

Componentisation applies to property assets which are currently already separated between land and buildings and further separated between the various buildings on a site. A de-minimis threshold of £1m has been set in respect of componentisation, therefore individual

buildings with a value below £1m are not considered for componentisation. The impact of not componentising buildings with a value below £1m is unlikely to result in a material misstatement of either depreciation charges or the carrying amount of PP&E.

Capital expenditure is assessed and where expenditure on a component represents less than 10% of the asset's value it is not separately identified.

Any component parts of an asset are de-recognised when the component is replaced, even if the original component had not been recognised separately for depreciation purposes. If it is not practical to determine the carrying amount of the replaced components, the cost of the new component is indexed back and then adjusted for depreciation. This is used as a reasonable proxy.

Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Accounting Treatment of School Assets

Assets relating to community schools and voluntary controlled schools are recognised on the Council's balance sheet in accordance with IAS 16. The assets of voluntary aided schools, with the exception of playing fields, are not recognised on the Council's balance

sheet; unless the school, as opposed to the Trust/Diocese, has a legal or substantive right to the assets.

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

Minimum Revenue Provision

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 the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.21 Private Finance Initiative and Similar Contracts

Private Finance Initiative (PFI) and similar Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI/PPP contractor. As the Council is deemed to control the services that are provided under its PFI/PPP schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the PPP contracts on its Balance Sheet as part of Property, Plant and Equipment. The schools involved in the PFI contract have become academies and are therefore not included in the Council's Balance Sheet.

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

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

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

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

- contingent rent – increases in the amount to be paid for the property arising primarily due to inflation during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

1.22 Provisions

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

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

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

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

1.23 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.

1.24 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.

1.25 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.

1.26 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.

1.27 VAT

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

1.28 Prepayment to the Pension Fund

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

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

1.29 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in the economic best interest.

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

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

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

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

1.30 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

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

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- IAS 19 Employee Benefits will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

Note 3 - 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:

- The impact of the COVID-19 is mainly to be reflected in the council's 2020/21 financial statements. However the Ministry for Housing Communities and Local Government (MHCLG) made payments of £6.022m on 27 March 2020 which were due for payment during 2020/21 to ease local authority cash flows.
- 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 Dedicated Schools Grant Reserve is a negative reserve. The Department for Education (DfE) regulations (The School and Early Years Finance (England) Regulations 2020) make clear the requirement for any DSG deficit balance to be held within the Council's overall DSG, meaning authorities cannot fund a deficit from the general fund without the Secretary of State's approval. The accumulated DSG deficit is disclosed as an earmarked usable reserve within the accounts.
- There is a high degree of uncertainty about future levels of funding for local government, particularly given the uncertainty of how the Council's response to the COVID-19 pandemic. However, the Council has determined that this uncertainty is not sufficiently clear to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision. This position will be clarified during 2020/21 and reflected in the Council's financial statements ending 31 March 2021.

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

The items in the Council's Balance Sheet at 31 March 2020 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
Depreciation of Property, Plant & Equipment	<p>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.</p> <p>Further, changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives differing from initial estimates.</p> <p>The outbreak of COVID-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of COVID-19 on the economy. Therefore, values have been based on the situation prior to COVID-19, on the assumption that values will be restored when the market becomes more fluid.</p>	<p>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.</p> <p>The carrying value of assets in the balance sheet is £754m</p>

<p>Fair Value Measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. 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 liabilities.</p> <p>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 notes 14 and 17 below.</p>	<p>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.</p>
<p>Impairment allowance for doubtful debt</p>	<p>As at 31 March 2020, the Council has established provisions against its total debt base to reflect the likelihood of being able 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. The economic impact of the COVID-19 pandemic has made the estimation of debt recovery far more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts</p>	<p>An understatement of doubtful debts would lead to a future adjustment to be reflected. The provisions held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered and further review will need to be sustained in order to reflect the uncertainty of the collection rates as a result of COVID-19. If collection rates were to deteriorate then the Council would need to review its policies on the calculation of its debt provision.</p>
<p>Pensions</p>	<p>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.</p> <p>The ongoing impact of the COVID-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Private Equity, Pension Fund property and infrastructure allocations</p>	<p>The principal factors affecting the valuation of the pension liability are the discount rate and the longevity (mortality rate) assumptions:</p> <p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is likely to result in a significant decrease in the pension liability but a 0.1% increase in the inflation assumption or if longevity increases by 1 year these would result in a significant pensions liability increase.</p>

	as at 31 March 2020 are difficult to value.	
Provision for Business Rates Appeals	The value of National Non-Domestic Rates (NNDR) income included in the accounts is reduced by a provision for the estimated value of appeals against valuation decisions. These estimates have been calculated using information from the Valuation Office Agency on outstanding appeals and experience of successful appeal rates..	If the provision for appeals was increased by 1% the resulting increase would be £753,952 shared across Central Government (25%), the GLA (27%) and London Borough of Bexley (48%)

Note 5 – Material Items of Income and Expenditure

There are no material items to report.

Note 6 – Events After the Reporting Period

The Director of Finance and Corporate Services authorised the Statement of Accounts on 31 May 2020. 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 2020, 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 2020 there have been no material events which would require an adjustment to the financial statement.

Note 7a - Note to the Expenditure and Funding Analysis

Adjustments for Capital purposes	IAS 19	Elimination of internal recharges and reclassification	Other Adjustments	Total Adjustments		Adjustments for Capital purposes	IAS 19	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
2,576	575	1,847	-	4,998	Chief Executive	1,930	324	-	-
14,860	1,969	(8,664)	(461)	7,704	Children & Education	28,083	1,037	-	-
931	1,185	(4,809)	-	(2,693)	Adults	(3,007)	1,907	-	-
18,209	720	(5,681)	-	13,248	Places, Community & Infrastructure	23,025	832	(339)	-
13	9,631	16,219	58	25,921	Finance & Corporate Services	10	8,236	24	-
36,589	14,080	(1,088)	(403)	49,178	Net Cost of Services	50,041	12,336	(315)	62,062
(25,381)	3,865	1,088	(2,735)	(23,163)	Other Income and Expenditure from the Funding Analysis	41,277	4,470	(1,401)	44,346
11,208	17,945	-	(3,138)	26,015	Surplus or Deficit	91,318	16,806	(1,716)	106,408

Adjustments for Capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line.

- For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment 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.
- For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for

which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the pensions adjustments

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 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, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

- Other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute. For financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

Note 8 – Expenditure and Income Analysed by nature

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

2018/19 £'000	Nature of Expenditure or Income	2019/20 £'000
Expenditure		
124,822	Employee benefits expenses	121,373
338,368	Other services expenses	471,729
(5,782)	Support service recharges	840
23,477	Depreciation, amortisation and impairment	26,538
(818)	Revaluation	2,846
13,692	Interest payments and other financing charges	31,576
8,741	Precepts, levies and concessions	8,759
(628)	Gain or loss on disposal of non-current assets	63,655
501,872	Total Expenditure	727,316
Income		
(61,385)	Fees, charges and other service income	(78,717)
(9,283)	Interest and investment income	(19,815)
(156,495)	Income from council tax and non-domestic rates	(163,824)
(247,694)	Government grants and contributions	(355,967)
(474,857)	Total Income	(618,323)
27,015	Surplus or Deficit on the Provision of Service	108,993

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.

2019/20	General Fund Balance £'000	Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation of Property, Plant and Equipment	(26,313)	-	-	-	26,313
Revaluation (losses)/gain on Property, Plant and Equipment	(2,846)	-	-	-	2,846
Movements in the market value of Investment Properties	(5,212)	-	-	-	5,212
Amortisation of Intangible Assets	(225)	-	-	-	225
Deferred income written down	339	-	-	-	(339)
Reversal of Capital Grants credited to CIES	25,943	-	-	(25,943)	-
Capital Grants and Contributions Applied	-	-	-	33,128	(33,128)
Revenue expenditure funded from capital under Statute	(20,657)	-	-	-	20,657
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	(9,884)	-	-	-	9,884
Write out of non current assets - notional loss on academy transfers	(57,672)	-	-	-	57,672
Aborted scheme costs	-	-	-	-	-
Items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Voluntary provision for the financing of capital investment	8,722	-	-	-	(8,722)
Capital expenditure charged against the General Fund	903	-	-	-	(903)
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the CIES	5,548	-	(5,548)	-	-
Amounts used to fund disposal costs of non current assets	-	-	-	-	-
Capital Receipts Reserve to finance capital expenditure	-	-	7,623	-	(7,623)
Contribution from the deferred capital receipts	-	-	-	-	-
Adjustment involving the Pooled Investment fund Adjustment Account					
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to fair value of investments	(1,102)	-	-	-	1,102
Adjustments involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds	-	-	(583)	-	583
Write down of finance lease long term debtors	(15)	-	-	-	15
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:					

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Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(27,693)	-	-	-	27,693
Employer's pensions contributions and direct payments to pensioners payable in the year	10,887	-	-	-	(10,887)
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	(3,407)	-	-	-	3,407
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	-	-	-	-	-
Total Adjustments	(102,648)	-	1,492	7,185	93,971

2018/19	General Fund Balance £'000	Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation of Property, Plant and Equipment	(23,149)	-	-	-	23,149
Revaluation (losses)/gain on Property, Plant and Equipment	818	-	-	-	(818)
Movements in the market value of Investment Properties	6,678	-	-	-	(6,678)
Amortisation of Intangible Assets	(329)	-	-	-	329
Deferred income written down	339	-	-	-	(339)
Reversal of Capital Grants credited to CIES	23,623	-	-	(23,623)	-
Capital Grants and Contributions Applied	-	-	-	24,280	(24,280)
Revenue expenditure funded from capital under Statute	(13,929)	-	-	-	13,929
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,019)	-	-	-	2,019
Write out of non current assets - notional loss on academy transfers	-	-	-	-	-
Aborted scheme costs	-	-	-	-	-
Items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Voluntary provision for the financing of capital investment	8,531	-	-	-	(8,531)
Capital expenditure charged against the General Fund	1,281	-	-	-	(1,281)
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the CIES	2,646	-	(2,646)	-	-
Amounts used to fund disposal costs of non current assets	-	-	-	-	-
Capital Receipts Reserve to finance capital expenditure	-	-	2,805	-	(2,805)
Contribution from the deferred capital receipts	-	-	-	-	-
Adjustment involving the Pooled Investment fund Adjustment Account					
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to fair value of investments	635	-	-	-	(635)
Adjustments involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds	-	-	(1,892)	-	1,892
Write down of finance lease long term debtors	(11)	-	-	-	11
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	36	-	-	-	(36)
Adjustments primarily involving the Pensions Reserve:					

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Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,827)	-	-	-	28,827
Employer's pensions contributions and direct payments to pensioners payable in the year	10,882	-	-	-	(10,882)
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,735	-	-	-	(2,735)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	403	-	-	-	(403)
Total Adjustments	(9,657)	-	(1,733)	657	10,733

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 to the Earmarked reserves to meet General Fund expenditure in 2019/2

	Balance at 1 April 2018	Movements 2018/19	Balance at 31 March 2019	Movements 2019/20	Balance at 31 March 2020
	£000	£000	£000	£000	£000
General Fund Reserves:					
Financial Planning Reserve	(7,726)	4,267	(3,459)	(2,406)	(5,865)
Financial Reserve	(5,957)	4,155	(1,802)	93	(1,709)
Information Technology Reserve	(2,019)	1,026	(993)	(887)	(1,880)
Insurance Reserve	(4,302)	19	(4,283)	25	(4,258)
Reorganisation Reserve	(3,727)	-	(3,727)	107	(3,620)
Transformation Reserve	(8,387)	2,923	(5,464)	4,284	(1,180)
Collection Fund Reserve	-	-	-	(2,119)	(2,119)
COVID-19 Grant Reserve	-	-	-	(6,022)	(6,022)
Broadway Shopping Centre Reserve	(502)	234	(268)	143	(125)
Dedicated Schools Grant (Centre-DSG)	(892)	3,748	2,856	5,190	8,046
Individual Schools Budget (ISB)	(3,252)	(646)	(3,898)	59	(3,839)
Other Earmarked Reserves	(4,684)	485	(4,199)	1,924	(2,275)
Revenue Grants Unapplied Amount	(5,536)	147	(5,389)	3,369	(2,020)
Total Earmarked Reserves	(46,984)	16,358	(30,626)	3,760	(26,866)
General Fund	(13,732)	1,000	(12,732)	2,589	(10,143)
Total General Fund Reserves	(60,716)	17,358	(43,358)	6,349	(37,009)

- (i) **Financial Planning Reserve** The purpose of this reserve is to provide a resource with which to deal with the uncertainties in the forward financial planning process arising from further reductions in Government grant.
- (ii) **Financing Reserve** The Financing Reserve exists to deal with unbudgeted variations in financing costs and to finance direct capital expenditure where appropriate.
- (iii) **Information Technology Reserve** This will provide for the upgrade and replacement of personal computers and laptops, infrastructure and software Council-wide in future
- (iv) **Insurance Reserve** The Council self-insures for many risks and the Insurance Reserve exists to deal with the infrequent but expensive claims that have to be anticipated under such an arrangement.
- (v) **Reorganisation Reserve** This reserve exists to meet possible redundancy costs in future years.
- (vi) **Transformation Reserve** The Transformation Reserve has been used to finance capital expenditure and to 'pump-prime' a number of projects including those associated with the Council's Value for Money programme. Repayments are made from the revenue budget as savings arise on the projects.
- (vii) **Collection Fund Reserve reserve** to provide a means to manage fluctuations in the amount of income collected through council tax and business rates
- (viii) **COVID 19 Grant Reserve** ringfenced to fund the additional costs incurred as a result of the Coronavirus pandemic
- (ix) **Broadway Shopping Centre Reserve** This reserve provides for a Council contribution towards the refurbishment of the Broadway Shopping Centre.
- (x) **Dedicated Schools Grant** This reserve is ringfenced to funding schools budget , the balance is currently a negative balance .
- (xi) **Schools Balances** These are the school balances and are maintained on the Council's books as per regulation but are under the direct control of the schools.
- (xii) **Other Earmarked Reserves** The remaining Council controlled reserves total are largely earmarked against possible future costs such as liabilities for contaminated land, elections and systems development.
- (xiii) **Revenue grants and contributions unapplied** Revenue grants and contributions where there are no conditions outstanding, but where there are balances still to be used to finance expenditure, are also included in earmarked reserves.

Note 11 - Other Operating Expenditure

2018/19		2019/20
£000		£000
779	Levies	777
(627)	Gains/losses on the Disposal of Non-Current Assets	62,008
152	Total Other Operating Expenditure	62,785

Note 12 - Financing and Investment Income and Expenditure

2018/19		2019/20
£'000		£'000
9,827	Interest payable and similar charges	10,631
3,865	Pensions interest cost and expected return on pensions assets	4,470
(1,952)	Interest receivable and similar income	(3,788)

(635)	Financial Assets measured at fair value through Profit and Loss	(449)
1,918	Impairment Losses on Debtors	-
(6,678)	Income and expenditure in relation to investment properties and changes in their fair value	(5,212)
6,345	Total	16,974

Note 13 - Taxation and Non-Specific Grant Income

2018/19 £000		2019/20 £000
(106,498)	Council Tax Income	(112,988)
(49,997)	Business Rates (Retained Share)	(44,985)
(9,776)	General Government Grants	(20,513)
(23,623)	Capital Grants and Contributions	(25,943)
(189,894)	Total	(204,429)

13a. Grant Credited to Net cost of Services

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

2018/19 £'000	Grant	Service	Issued By	2019/20 £'000
(9,695)	Public Health Grant	Adults & Public Health	PHE	(9,439)
(89,431)	Rent Allowance: Subsidy	Finance and Corporate Services	DWP	(67,625)
(2,194)	Pupil Premium	Children and Education	DfE	(4,717)
	Other Education grants	Children and Education	various	(43,507)
(75,848)	Dedicated Schools Grant	Children and Education	DfE	(114,179)
(1,131)	Universal Infants Free School Meals	Children and Education	DfE	(1,078)
(4,693)	Improved Better Care Fund	Adults & Public Health	DH	(8,286)
	Other Adults social care grants	Adults & Public Health		(23,766)
(1,973)	Flexible Homelessness Support Grant	Places and Community and Infrastructure	MHCLG	(1,839)
(3,056)	Private Finance Initiative (PR) Grant	Children and Education	MHCLG	(3,056)
(3,708)	Other Governments Grants (value < £1m)	Various	Various	(9,495)
(191,729)	Total Grant Credited to the Net Cost of Service			(286,987)

The following grants were credited to Taxation and non Specific Grant Income

2018/19 £'000		2019/20 £'000
General Government Grants:		
	- Adults and Childrens Social care grant	(1,586)
(3,881)	Business Rates Relief Grant	(5,070)
	- COVID-19 Grant	(6,022)
	Improved Better Care Fund Grant	(2,865)
(2,588)	New Homes Bonus	(1,741)
(700)	Housing Benefit Administration	(629)
	- Homelessness Support Grant	(2,016)
(2,607)	Other Grants	(584)
(9,776)	Total	(20,513)
Capital Grants and Contributions:		
(3,799)	Education Basic Needs Grant	(1,565)
(506)	Devolved Formula Grant	(99)
(1,711)	Condition Funding/Primary Modernisation	(1,647)
(3,735)	ESFA SEN Funding	(9,155)
(2,278)	Transport for London	(1,100)
	- CIL funding	(2,907)
(4,554)	Peabody Funding	(3,336)
(598)	GLA Funding	(143)
(2,738)	Renovation Grants	(2,613)
(2,450)	Affordable Housing Contribution	(1,390)
	- Cross Rail	(1,705)
(1,252)	Other	(283)
(23,623)	Total	(25,943)

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

13b. Grants Receipts in Advance

2018/19 £'000		2019/20 £'000
(1,540)	Devolved Formula Grant	(1,540)
(6,531)	Section 106	(4,880)
(1,234)	Other	(37)
(9,305)	Total	(6,457)

Note 14 - Property, Plant and Equipment

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

Property Plant and Equipment 2019/20	Other Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Heritage Operational Assets	Total Property, Plant & Equipment	PFI Assets in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
at 1 April 2019	547,304	17,681	263,598	9,260	21,213	11,202	8,890	879,148	52,857
Additions and Enhancements	12,214	5,792	10,949	294	44	2,162	36	31,491	501
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,853	-	-	-	(1,033)	-	12,325	16,145	20,687
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,564)	-	-	-	(282)	-	-	(2,846)	-
Derecognition – disposals	-	-	-	-	(8,720)	(380)	-	(9,100)	-
Derecognition - other	(61,630)	(1,611)	-	-	-	(102)	-	(63,343)	(219)
Other reclassifications	(12,026)	-	5,807	-	4,072	4,114	-	1,967	-
at 31 March 2020	488,151	21,862	280,354	9,554	15,294	16,996	21,251	853,462	73,826
Accumulated Depreciation and Impairment									
at 1 April 2019	13,244	7,393	83,434	-	182	-	-	104,253	1,164
Depreciation charge	17,540	2,022	6,591	-	161	-	-	26,314	3,439
Depreciation written out to the Revaluation Reserve	(25,535)	-	-	-	(629)	-	-	(26,164)	(3,142)
Derecognition – disposals	-	-	-	-	-	-	-	-	-
Derecognition - other	(3,277)	(1,611)	-	-	-	-	-	(4,888)	(219)
Other reclassifications	(296)	-	-	-	286	-	-	(10)	-
at 31 March 2020	1,676	7,804	90,025	-	-	-	-	99,505	1,242
Net Book Value									
at 31 March 2020	486,475	14,058	190,329	9,554	15,294	16,996	21,251	753,957	72,584
at 31 March 2019	534,060	10,288	180,164	9,260	21,031	11,202	8,890	774,895	51,693

Property Plant and Equipment 2018/19	London Borough of Bexley Statement of Accounts 2019/20								
	Other Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Heritage Operational Assets	Total Property, Plant & Equipment	PFI Assets in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
at 1 April 2018	494,111	16,627	252,052	7,906	10,642	18,676	-	800,012	48,383
Additions and Enhancements	11,963	1,728	6,844	484	131	6,740	-	27,890	227
Revaluation increases/(decreases) recognised in the Revaluation Reserve	36,343	-	-	(34)	11,588	-	-	47,898	2,459
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	454	-	-	-	32	-	-	486	2,065
Derecognition – disposals	(1,935)	(137)	-	-	-	-	-	(2,072)	-
Derecognition - other	-	(536)	-	-	-	(8)	-	(544)	(276)
Other reclassifications	6,368	-	4,702	904	(1,180)	(14,205)	8,890	5,479	-
at 31 March 2019	547,304	17,681	263,598	9,260	21,213	11,202	8,890	879,149	52,857
Accumulated Depreciation and Impairment									
at 1 April 2018	29,140	5,716	77,133	-	886	-	-	112,875	12,129
Depreciation charge	14,335	2,275	6,301	-	237	-	-	23,149	2,391
Depreciation written out to the Revaluation Reserve	(29,559)	-	-	-	(698)	-	-	(30,257)	(13,081)
Depreciation written out to the Surplus on the Provision of Services	(275)	-	-	-	(57)	-	-	(332)	-
Derecognition – disposals	-	(62)	-	-	-	-	-	(62)	-
Derecognition - other	-	(536)	-	-	-	-	-	(536)	(276)
Other reclassifications	(399)	-	-	-	(185)	-	-	(584)	-
at 31 March 2019	13,244	7,393	83,434	-	182	-	-	104,253	1,163
Net Book Value									
at 31 March 2019	534,061	10,288	180,164	9,260	21,031	11,202	8,890	774,895	51,694
at 31 March 2018	464,971	10,911	174,919	7,906	9,756	18,676	-	687,138	36,254

14. Property, Plant And Equipment (contd.)

Schools

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

Depreciation

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

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

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

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

Capital Commitments:

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

2018/19 £'000		2019/20 £'000
19,070	Schools Expansion	3,837
755	Street Services Fleet Replacement	2320
1,850	Abbey Wood Station Public Realm Improvements	-
309	Erith Regeneration	316
2,266	Temporary Accommodation Purchase	111
-	Investment /future developments	16,599
1,561	Harrow Manor Way Scheme	1,006
2,700	Affordable Housing	690
28,511	TOTAL	24,879

Revaluations

The Council carries out a rolling programme that ensures that all property assets are revalued at current value over a 5 year period. In addition to the planned revaluation rolling programme, 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.

The valuations have been undertaken in accordance with the professional standards set out in the Appraisal and Valuation Standards Manual published by the Royal Institution of Chartered Surveyors. In estimating current value, regard has been given to the nature of the property by reference to its use, location, size, method of construction, age, all other relevant matters, and the prevailing market forces.

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 which 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 sub divided by last revaluation date as at 31/03/2020

	Other Land & Building	Vehicles, Plant & Equip	Infrastructure	Community	Surplus	AUC	Operational Heritage	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historic cost	-	14,058	190,329	9,554	-	16,996	-	230,937
Values at Fair value as at								
31st March 2020	404,932	-	-	-	15,294	-	21,251	441,477
31st March 2019	67,731	-	-	-	-	-	-	67,731
31st March 2018	2,886	-	-	-	-	-	-	2,886
31st March 2017	10,814	-	-	-	-	-	-	10,814
31st March 2016	112	-	-	-	-	-	-	112
Total Cost or Valuation	486,475	14,058	190,329	9,554	15,294	16,996	21,251	753,957

Note 15 – Heritage Assets

	Museum Collection	Hall Place House	Granary	Danson House	Danson House Exhibits	Bexleyheath & Crayford Clock Tower	Five Arches Bridge	Public Art	Civic Regalla	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2019	404	20,000	41	-	242	300	4,906	486	262	26,641
Additions	-	130	1	-	-	92	-	-	-	223
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	-	3,128	92	-	-	389	(3,999)	-	-	(390)
Reclassifications & Transfers	-	-	1	-	(1)	-	-	-	-	-
At 31 March 2020	404	23,258	135	-	241	781	907	486	262	26,474
Balance as at 1 April 2018	404	25,130	37	8,072	242	273	4,460	486	262	39,366
Additions	-	262	-	10	-	-	-	-	-	272
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	-	(5,392)	4	808	-	27	446	-	-	(4,107)
Reclassifications & Transfers	-	-	-	(8,890)	-	-	-	-	-	(8,890)
At 31 March 2019	404	20,000	41	-	242	300	4,906	486	262	26,641

Additional information regarding Heritage Assets is shown on the following page

15. Heritage Assets (contd.)

Revaluations

Heritage property assets are valued annually. In 2019/20 specialist valuers Barrett Corp & Harrington Ltd were engaged to complete the valuations. The valuations are completed on a replacement cost basis.

Museum Collection

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

Historic Buildings

The Council owns two Grade 1 listed historic buildings, Danson House and Hall Place. These buildings are valued on a replacement cost basis. Due to their specialist nature Barrett Corp & Harrington Ltd specialist valuers have been engaged.

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

Local Studies and Archive Centre

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

Note 16 - Investment Properties

Investment properties are those assets held by the Council solely for rental income and/or capital appreciation purposes.

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

2018/19 £'000		2019/20 £'000
(2,920)	Rental income from investment property	(3,504)
74	Direct operating expenses from investment property	1,028
(2,846)		(2,476)

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

2018/19 £'000		2019/20 £'000
55,892	Balance at 1 April	91,307
25,072	Additions and Enhancement Expenditure	-
838	Subsequent Expenditure	45
-	Disposals	-
6678	Net gains/losses from fair value adjustments	(5,212)
2827	Transfers: to/from Property Plant and Equipment	(1,977)
91,307	Balance at the end of the year	84,163

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

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

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

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

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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 is amortised on a straight line basis. The amortisation of £0.225m charged to revenue in 2019/20 (£0.329m in 2018/19) was charged directly to the Net Cost of Services. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years unless it is anticipated to be otherwise.

2018/19 £'000		2019/20 £'000
	Balance at 1 April	
2,567	Gross Carrying Amounts	2,798
(1,882)	Accumulated Amortisation	(2,211)
685	Net carrying amount at start of year	587
	Additions	
231	Purchases	223
(329)	Amortisation	(225)
587	Net carrying amount at the end of the year	585
	Comprising	
2798	Gross Carrying Amount	3,021
(2,211)	Accumulated Amortisation	(2,436)
587		585

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 costs.

Level 2 are those other than quoted prices included in level1 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.

18a. Financial Instrument – 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.

31 March 2019			Category of Financial Instrument	31 March 2020		
Long Term	Current	Total		Long Term	Current	Total
£'000	£'000	£'000	Financial Assets	£'000	£'000	£'000
3,000	253	3,253	Loans and receivables – Level 2	9,552	257	9,809
28,308	19	28,327	Current value through profit and loss – Level 1	12,538	67	12,605
31,308	272	31,580	Total Investments	22,090	324	22,414
7,297	12,407	19,704	Receivables – Level 1	10,464	19,557	30,021
-	5,256	5,256	Cash and Cash Equivalents – Level 1	-	19,946	19,946
38,605	17,935	56,540	Total Financial Assets	32,459	39,825	72,379

31 March 2019			Financial Liabilities	31 March 2020		
Long Term	Current	Total		Long Term	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
202,061	3,292	205,353	Financial Liabilities at amortised cost – Level 1	223,051	14,717	237,768
31,629	2,435	34,064	PFI and Finance Lease Liabilities – Level 2	29,496	2,150	31,645
-	21,804	21,804	Payables – Level 1	-	25,170	25,170
-	4,814	4,814	Cash and Cash Equivalents – Level 1	-	5,222	5,222
233,690	32,345	266,035	Total Financial Liabilities	252,547	47,259	299,806

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

Fair Value of Assets and Liabilities carried at Amortised Cost

31 March 2019		Financial Liabilities	31 March 2020	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
205,353	313,130	Financial Liabilities	237,768	411,018
24,858	41,137	PFI and Finance Lease Liabilities	23,313	41,637

The fair value of £411m is measured at the pre-mature repayment rate. For other financial liabilities carried at amortised cost, carrying value are deemed to equate to their fair value

31 March 2019		Financial Assets	31 March 2020	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
3,000	3,355	Loans (Bonds)	3,114	3,252
500	501	Cash and Cash Equivalents (MMF)	15,400	15,400

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

18c. Categories of financial assets and liabilities

Financial Assets									
Investments	Debtors		Total			Investments	Debtors		Total
Non-Current	Current	Non-Current	Current			Non-Current	Current	Non-Current	Current
31 Mar 19	31 Mar 19	31 Mar 19	31 Mar 19	31 Mar 19		31 Mar 20	31 Mar 20	31 Mar 20	31 Mar 20
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
28,308	-	-	-	28,308	Fair value through profit and loss	12,538	67	-	-
3,114	272	7,297	12,407	23,090	Amortised Cost	9,552	257	10,464	39,503
31,422	272	7,297	12,407	51,398	Total financial assets	22,090	324	10,464	39,503
									72,381

Financial Liabilities									
Borrowing	Creditors		Total			Borrowing	Creditors		Total
Non-current	Current	Non-current	Current			Non-current	Current	Non-current	Current
31 Mar 19	31 Mar 19	31 Mar 19	31 Mar 19	31 Mar 19		31 Mar 20	31 Mar 20	31 Mar 20	31 Mar 20
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
202,061	3,292	31,629	29,053	266,035	Amortised Cost	223,051	14,717	29,496	32,542
202,061	3,292	31,629	29,053	266,035	Total Financial Liabilities	223,051	14,717	29,496	32,542
									299,805

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.

18d. 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 2019/20 £'000
Net gains/losses on:	
financial assets measured at fair value through profit or loss – Realised gain	(1,064)
financial assets measured at fair value through profit or loss – Unrealised loss	449
financial assets measured at amortised cost	-
investments in equity instruments designated at fair value through other comprehensive income	-
financial assets measured at fair value through other comprehensive income	-
financial liabilities measured at fair value through profit or loss	-
financial liabilities measured at amortised cost	-
Total net gains/losses	(615)

The disposal of two diversified growth funds on 6 March 2020 resulted in an in-year gain of £1.064m. The in-year unrealised loss (£0.449m) resulted from the revaluation of the property

pooled funds. The revenue impact of unrealised gains/losses are transferred out of the CI&E and held in the Pooled Investment Fund Adjustment Account (PIFAA), in accordance with the IFRS9 statutory override. The in-year gain of £1.064m combined with £0.653m apportionment from the PIFAA for previous years' gain resulted in a total crystallised gain of £1.717m being realised.

Interest revenue:

financial assets measured at amortised cost	(208)
other financial assets measured at fair value through other comprehensive income	(577)
Total interest revenue	(785)
Impairment losses based on 12 month loss model	-

Note 19 - Inventories

The table below provides details on the level of inventories balances set out in the Balance sheet.

2018/19 £'000		2019/20 £'000
1,613	Balance outstanding at start of year	2,526
1,940	Purchases	493
(1,027)	Recognised as an expense in the year	(242)
2,526	Balance Outstanding at Year End	2,777

A stocktake was originally planned for 27 March 2020, but was postponed on 24 March 2020 due to operational changes required to react to the Coronavirus (COVID-19) pandemic.

Note 20 - Debtors

An analysis of the debtors balance is shown below

Note 20a – Short Term Debtors

2018/19 £'000	Short Term Debtors	2019/20 £'000
33,202	Trade receivables	52,472
17,678	Prepayments	7,857
10,431	Other receivable amounts	14,580
61,311	Total Short-Term Debtors	74,909

The total short term debtors is shown net of impairment loss provision of £19.5m (2018/19 £19.4m)

Note 20b – Long Term Debtors

2018/19 £'000*	Long Term Debtors	2019/20 £'000
3,081	Finance Leases	3,089
457	Thames Innovation Centre	452
91	Cleeve Park Loan	122
2,916	Serco	2,333
300	Bexley Co	3,608
-	Other	475
452	Mortgages	385
7,297	Total Long-Term Debtors	10,464

*restated

Note 20c - Debtors for Local Taxation

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

2018/19 £'000	Debtors For Local Taxation	2019/20 £'000
4,382	Less than one year	5,961
4,896	One to two years	4,019
1,512	Two to three years	3,040
11,125	More than three years	17,227
21,914	Total Debtors	30,247

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

2018/19 £'000	Cash and Cash Equivalents	2019/20 £'000
4,756	Cash at Bank	4,546
500	Cash equivalents	15,400
5,256	Cash and Cash Equivalents	19,946
(4,814)	Cash and Cash Equivalents overdrawn	(5,222)
442	Total Cash and Cash Equivalents	14,724

Note 22 - Creditors

The table below provides details on the level of creditor balances set out in the Balance Sheet.

2018/19 £'000	Short term Creditors	2019/20 £'000
(19,731)	Trade payables	(16,954)
(20,074)	Other payables	(42,341)
(39,805)	Total Creditors	(59,295)

Note 23 - Provisions

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

2019/20	Social Services £'000	Insurance £'000	Business Rates Appeals £'000	Others £'000	Total £'000
Balance at	(760)	(2,227)	(5,056)	(1,600)	(9,643)
Increase/decrease in provision	-	(1,170)	-	1,450	280
Utilised during year	760	1,209	1,437	(915)	2,491
Balance at 31 March 2020	-	(2,188)	(3,619)	(1,065)	(6,872)
Short Term Provision	-	-	(3,619)	(1,065)	(4,684)
Long Term Provision	-	(2,188)	-	-	(2,188)
Balance at 31 March 2020	-	(2,188)	(3,619)	(1,065)	(6,872)

Insurance Provision

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

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

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

Business Rates Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Bexley, as a billing Council, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. This will include amounts relating to non-domestic rates charged to businesses in 2019/20 and earlier financial years. Assets and liabilities relating to business rates are shared between the Government, Bexley and the Greater London Council. The provision shown above is the Council's share of the total amount.

Social Services

In prior years at the end of each year an estimate is made of outstanding adult placement unresolved charges and a provision has been made in the accounts to meet such liabilities. Processes for identifying the liabilities have since been improved and as a result the provision has been written back to revenue as no longer required.

Other

This heading includes movements on provisions for discounted PCNs, early retirement/redundancy, and charges for holiday pay.

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.

2018/19 £'000		note	2019/20 £'000
(12,732)	General Fund	10	(10,143)
(30,626)	Earmarked Reserves	10	(26,866)
(1,892)	Capital Receipts Reserve		(400)
(12,684)	Capital Grants Unapplied		(5,499)
(57,934)	Total Usable Reserves		(42,908)

24a - Usable Capital Receipts Reserve

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

2018/19 £'000	Capital Receipts Reserve	2019/20 £'000
(159)	Balance 1 April	(1,892)
(1,892)	Transfer from Deferred capital receipts	(583)
(2,646)	Sale of other land and building	(5,548)
(4,538)	Total Receipts	(6,131)
2,805	Capital Receipts used for financing	7,623
(1,892)	Balance 31 March	(400)

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.

2018/19 £'000	Capital Grants Unapplied	2019/20 £'000
(13,341)	Balance 1 April	(12,684)
(23,623)	Capital Grants in year	(25,943)
24,280	Capital Grants used for financing	33,128
(12,684)	Balance 31 March	(5,499)

Note 25 - Unusable Reserves

2018/19 £'000		note	2019/20 £'000
(359,627)	Revaluation Reserve	25a	(342,583)
(270,719)	Capital Adjustment Account	25b	(257,585)
1,299	Financial Instruments Adjustment Account	25c	1,263
(6,295)	Deferred Capital Receipts Reserve	25d	(5,697)
194,484	Pension Reserve	25e	160,492
(8,693)	Collection Fund Adjustment Account	25f	(5,286)
(635)	Pooled Investment Fund Adjustment Account		467
1,751	Accumulated Absences Account	25g	1,751
(448,434)	Total		(447,178)

25a - Revaluation Reserve

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

2018/19 £'000	Revaluation Reserve	2019/20 £'000
(291,792)	Balance at 1 April	(359,627)
(74,047)	Upward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(41,917)
6,212	Difference between fair value depreciation and historical cost depreciation	9,541
-	Accumulated gains on assets sold or scrapped	49,420
(359,627)	Balance 31 March	(342,583)

25b - 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.

2018/19 £'000		2019/20 £'000
(259,203)	Balance 1 April	(270,719)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
23,149	Charges for depreciation of non-current assets	26,313
(818)	Revaluation (gains)/losses on non-current assets	2,846
329	Amortisation of intangible assets	225

(339)	Deferred income written down	(339)
13,929	Revenue expenditure funded from capital under statute	20,657
2,019	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	18,136
38,269	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	67,838
(6,212)	Adjusting Amounts written out of the Revaluation Reserve	(9,541)
32,057	Net written out amount of the cost of non-current assets consumed in the year	58,297
	Capital financing applied in the year:	
(2,803)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,623)
(8,182)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(24,292)
(16,098)	Application of grants to capital financing from the Capital Grants Unapplied Account	(8,835)
(8531)	Provision for the financing of capital investment charged against the General Fund	(8,722)
(1281)	Capital expenditure charged against the General Fund	(903)
(36,895)	Capital financing applied in year	(50,375)
(6,678)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	5,212
(270,719)	Balance 31 March	(257,585)

25c – 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 of benefitting from gains per statutory provisions.

Premiums and Discounts

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

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

Soft Loans

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

Stepped Interest Loans

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

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

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

The transactions reflected in the FIAA are as follows

2018/19 £'000		2019/20 £'000
1,518	Balance at 1 April	1,299
(183)	Write out change in impairment value of investment	-
	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	
(36)	requirements	(36)
-	Accumulated gains on assets sold or scrapped	-
1,299	Balance 31 March	1,263

25d - 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.

2018/19 £'000		2019/20 £'000
(8,198)	Balance 1 April	(6,295)
1,892	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	583
11	Write down of finance Lease Long Term Debtor	15
(6,295)	Balance 31 March	(5,697)

25e - 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.

2018/19 £'000		2019/20 £'000
168,665	Balance 1 April	194,484
7,874	Actuarial (gains)/losses on pensions assets & liabilities	(50,798)
28,827	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	27,693
(10,882)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,887)
194,484	Balance 31 March	160,492

25f - Collection Fund Adjustment Account

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

2018/19 £'000		2019/20 £'000
(5,958)	Balance 1 April	(8,693)
(2,735)	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	3,407
(8,693)	Balance 31 March	(5,286)

25g - 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.

2018/19 £'000		2019/20 £'000
2,154	Balance 1 April	1,751
(2154)	Settlement or cancellation of accrual made at the end of the preceding year	(1,751)
1751	Amounts accrued at the end of the current year	1,751
1,751	Balance 31 March	1,751

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

2018/19 £'000	Description	2019/20 £'000
	Net deficit on the provision of services	
23,149	Depreciation	26,613
(818)	Revaluation charged to the Comprehensive Income and Expenditure Statement	2,846
329	Amortisation	225
-	Movement in Impairment Allowance	-
17,876	Movement in Debtors	(13,774)
(7,937)	Movement in Creditors	19,536
(913)	Movement in Inventories	(251)
17,945	Pension Liability	16,806
2,019	Carrying Amount of Non-Current Assets sold	67,556
3,779	Movement in Provisions	1,608
(6,678)	Movement in the value of Investment Properties	
(635)	Financial Instruments Adjustments	
13,930	Other Non-Cash Adjustments	
62046	Total Adjustments for Non-Cash Transactions	120,865
(26,269)	Investing and Financing Activities Adjustments to Net Surplus on the Provision of Services	(30,012)
35,777	Net Cash Flows from Operating Activities	90,853

Note 27 - Cash Flow Statement – Investing Activities

2018/19 £'000		2019/20 £'000
(68,232)	Purchase of Property, Plant and Equipment and Intangible Assets	(31,760)
167	Purchase of Short-Term Investments and Long-Term Investments	(6,552)
22,536	Other payments/receipts	(3,308)
2,646	Other Receipts from Investing Activities	19,984
	Proceeds from short and long term investments	17,470
-	Proceeds from the sale of Property, Plant and Equipment and Non-Current Assets	6,131
(42,883)	Net Cash Flows from Investing Activities	1,965

Note 28 - Cash Flow Statement – Financing Activities

2018/19 £'000		2019/20 £'000
32,620	Net cash received of Short-Term Borrowings and Long-Term Borrowings	32,369
(2,436)	Cash Payments to reduce Finance Lease and PFI Liabilities	(2,149)
218	Other payments for financing activities	241
30,402	Net Cash Flows from Financing Activities	30,461

Note 29 – Pooled Budgets

The Council operated pooled funds with Bexley NHS Clinical Commissioning Group (CCG) to support 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.

London Borough of Bexley was the host for the Learning Disability and Community Equipment Pooled Funds and Bexley NHS CCG for the Mental Health Pooled Fund. Each party accounted for its own transactions within the Better Care Fund pooled budget.

2018/19				2019/20		
Mental Health	Learning Disability	Community Equipment		Mental Health	Learning Disability	Community Equipment
£'000	£'000	£'000		£'000	£'000	£'000
2,768	20,100	610	Income	2,810	20,235	759
8,951	867	975	London Borough of Bexley contribution	9,517	867	1,035
-	2,552	-	Bexley CCG contribution	-	3,564	-
11,719	23,519	1,585	Other Income	12,327	24,666	1,794
			Gross Income			
			Expenditure			
-	18,250	-	Residential and Supported Living Services	-	18,614	-
-	1,904	-	Day Care Services	-	1,972	-
11,503	-	-	Acute Services	12,205	-	-
-	2,032	1,585	Community Services	-	2,359	1,794
-	1,333	-	Other Expenditure	-	1,721	-
11,503	23,519	1,585	Gross Expenditure	12,205	24,666	1,794
216	-	-	Surplus (+) / deficit (-) for the year	122	-	-
-	-	242	Surplus (+) / deficit (-) brought forward	-	-	52
-	-	(190)	Use of surplus to support Adult Social Care expenditure			
-	-	52	Surplus (+) / deficit (-) carried forward	-	-	52

2018/19 £'000	Better Care Fund	2019/20 £'000
Income		
2,422	Disabled Facilities Grant	2,613
4,693	Improved Better Care Fund	5,493
-	Winter Funding	928
524	LB Bexley additional contribution	1,054
14,850	NHS Bexley CCG minimum contribution	15,917
1,286	NHS Bexley CCG additional contribution	827
23,775	Gross income	26,832
1,381	Balance brought forward	1,477
25,156	Total resource available	28,309
Expenditure		
2,422	Disabled Facilities Grant	2,613
4,597	Improved Better Care Fund	5,869
-	Winter Funding	928
524	LB Bexley additional contribution	1,054
14,878	NHS Bexley CCG minimum contribution	15,917

1,286	NHS Bexley CCG additional contribution	827
23,707	Gross expenditure	27,208
28	CCG overspend absorbed in outturn	-
1,477	Unused Improved Better Care Fund carried forward to 2019/20	1,101

Note 30 - Members' Allowances

The total of Members' Allowances paid in the year amounted to £708k. This compares to £662k in 2018/19.

2018/19 £'000	2019/20 £'000
662 Allowances	708
- Expenses	-
662 Total Members' Allowances	708

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 & Young.

2018/19 £'000	2019/20 £'000
91 Fees payable for external audit services	92
26 Fees payable for the certification of grant claims and returns	26
117	118

Note 32 - Officers' Remuneration

The number of Council employees (including teachers) whose remuneration was £50,000 or more in bands of £5,000 is shown below, split between schools and other staff.

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

Non Teaching Employees	2018/19 Teaching Employees	Total Employees	Earnings Band	Non Teaching Employees	2019/20 Teaching Employees	Total Employees
28	5	33	50-54,999	41	11	52
26	9	35	55-59,999	25	3	28
15	2	17	60-64,999	26	7	33
7	2	9	65-69,999	11	3	14
-	1	1	70-74,999	1	2	3
7	3	10	75-79,999	4	2	6
-	-	-	80-84,999	2	1	3
1	-	1	85-89,999	5	-	5
3	-	3	90-94,999	3	-	3
1	-	1	95-99,999	-	-	-
-	1	1	100-104,999	-	-	-
1	-	1	105-109,999	1	-	1
-	-	-	110-114,999	1	-	1
1	-	1	115-119,999	2	-	2
90	23	113	Total £50,000 and over	122	29	151

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

The remuneration paid to senior employees in London Borough of Bexley 2019/20 is as follows:

Post title	Salary Including Fees & Allowances	Election duties	Compensation for loss of office	Employer Pension Contributions	Total Remuneration
	£	£	£	£	£
Chief Executive - Jackie Belton	187,546	18,472		33,682	239,700
Assistant Chief Executive Growth and Regeneration - Jane Richardson	110,930	565	-	19,297	130,792
Director of Adult Social Care - Stuart Rowbotham	165,350	-	-	28,986	194,336
Director of Children's Services - Stephen Kitchman (from 16 August 2019)	104,032	-	-	18,245	122,276
Director of Children's Services - Stephen Kitchman (from 16 August 2019)	75,318	-	-	12,785	88,104
Director of Place, Communities & Infrs./Acting Chief Exec Paul Moore	163,987	-	45,601	18,244	227,832
Interim Director of Place, Communities & Infrs. Steve Moore	119,571	-	-	-	119,571

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Deputy Director of Corporate Services & Monitoring Officer - Nick Hollier	126,920	2,091	-	22,192	151,203
Deputy Director of Communities - Toni Ainge	116,233	375	-	20,257	136,866
Deputy Director of Public protection, Housing and Public Realm - David Bryce-Smith	116,234	-	-	20,257	136,491
Director of Public Health - Dr Anjan Ghosh	131,294	-	-	-	131,294
Director of Finance and Corporate Services - Paul Thorogood	151,320	997	-	26,446	178,763
Head of Communication - John Ferry	73,600	-	-	12,750	86,350
	1,642,334	22,876	45,601	233,142	1,943,953

The Deputy Director of Communities, Deputy Director of Public protection, Housing and Public Realm and Assistant Chief Executive for Growth & Regeneration reported to the Chief Executive until the Interim Director of Place started on 9 September 2019.

The remuneration paid to senior employees in London Borough of Bexley 2018/19 is as follows:

Name and position	Salary including fees and allowances	Bonus	Election duties	Compensation for loss of employment	Employer pension contributions	Total Remuneration
	£	£		£	£	£
Gillian Steward - Chief Executive (left 31 August 2018)	78,695	309		93,650	15,395	188,048
Paul Moore Acting Chief Executive (from 1 September 2018 (formerly Director of Place, Communities & Infrastructure)	156,651	10,456	827		32,497	200,430
Leigh Whitehouse - Director Of Finance and Corporate Services (left 31 August 2018 and was covered by an interim until 31st December 18)	111,931	-				111,931
Paul Thorogood - Director Of Finance and Corporate Services (On secondment basis from 1st September 2018 and permanently from 2 January 2019)	91,840				6,444	98,284
Director of Adult Social Care & Health	134,512	1,317			26,842	162,671
Director of Children's Services	148,771	8,925			31,049	188,745
Service Director (Bexley Care)	134,171	194			26,529	160,894
Assistant Chief Exec Monitoring Officer (Left 8 April 2018)	4,498	-		53,647	485	58,629
Deputy Director Corporate Services- (Monitoring Officer)	110,615	4,615	517		22,700	138,446
Asst Chief Exec-(Growth & Regen)	97,287	4,615			19,870	121,771
Head of Communications & marketing	64,524	-	500		12,500	77,524
Total	1,133,493	30,429	1,844	147,297	194,310	1,507,373

The number of exit packages, with total cost per band, is set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0-£20,000	20	5	8	4	28	9	178,761	62,666
£20,001-£40,000	1		1	2	2	2	52,010	55,131
£40,001 - £60,000	1				1		41,447	
£60,001-£80,000								
£80,001-£100,000		-		1	-	1		98,896
Total	22	5	9	7	31	12	272,874	216,693

Note 33 – Dedicated Schools Grant

The Dedicated Schools Grant is ring-fenced and can only be applied to meet expenditure in the Schools Budget. There are two elements of the Schools Budget. The Individual Schools Budget relates to individual maintained schools which are funded through a pupil-based formula. 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. The accumulated balance (surplus or deficit) on each element of the Dedicated Schools Grant is separately carried forward at year-end.

2019/20

	Central Expenditure £'000	Individual Schools £'000	Total £'000
Final DSG for 2019/20 before Academy recoupment	-	-	230,272
Academy figure recouped for 2019/20	-	-	(160,047)
Total DSG after Academy recoupment for 2019/20	-	-	70,225
Brought forward from 2018/19	-	-	(2,856)
6th form	-	-	94
Final budgeted distribution for 2019/20	37,712	29,751	67,463
Less Actual Central expenditure	(45,758)	-	(45,758)
Less Actual ISB deployed to schools	-	(29,751)	(29,751)
Carried forward to 2020/21	(8,046)	-	(8,046)

2018/19

	Central Expenditure £'000	Individual Schools £'000	Total £'000
Final DSG for 2018/19 before Academy recoupment	-	-	226,193
Academy figure recouped for 2018/19	-	-	(150,803)
Total DSG after Academy recoupment for 2018/19	-	-	75,390
Brought forward from 2017/18	-	-	892
6th form	-	-	458
Final budgeted distribution for 2018/19	40,052	36,688	76,740
Less Actual Central expenditure	(42,908)	-	(42,908)
Less Actual ISB deployed to schools	-	(36,688)	(36,688)

Carried forward to 2019/20

(2,856)	-	(2,856)
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Note 34 – Other Long Term Liabilities

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

	2018/19 £'000	2019/20 £'000
PFI/PPP contracts	(28,392)	(26,811)
Finance leases	(3,019)	(2,451)
Other	(218)	(233)
Total	(31,629)	(29,496)

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 that would have control over one party to a transaction would be the Members of the Cabinet. This also applies to senior officers. The transactions in the table below have been identified for 2019/20. In addition, there are separate disclosures elsewhere within the accounts for senior officer remuneration and members' allowances.

Some of the appointments listed below continue throughout 2019/20. 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 2019/20:

Councillor Teresa O'Neill OBE is the London Borough Council Executive Member of the LGA Conservative Group Executive.

Councillor David Leaf is an LGA Resources Board member.

Councillor Louie French is a Director of the Bexleyheath Business Partnership Limited and a an LGA Resources Board member. .

Council Officers

The following Council Officer held positions of control or significant influence in related parties to the Council during 2019/20:

Mr Paul Moore as a Non-Executive Director of BexleyCo Ltd. Mr Moore resigned from this position on the 4th December 2019.

Mr Stuart Rowbotham as a Non-Executive Director of BexleyCo Ltd. Mr Rowbotham took up his position on the 8th July 2019.

Mr Graham Ward was on secondment during the year to BexleyCo Ltd. as their interim Managing Director but remains an employee of the Council. Mr Ward is also a Non-Executive Director of BexleyCo Ltd. which he took up from 12th August 2019.

	Loan £000	Expenditure £000	Income £000	Debtor £000
Bexleyheath Business Partnership	-	373	373	-
BexleyCo Ltd.	3,608	-	208	51
Crossroads Care South East London	-	89	-	-
Danson Youth Centre & Trust	-	163	25	-
Local Government Association	-	60	-	-
Engine House Bexley Limited (formerly Thames Innovation Centre Limited)	451	25	15	32

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 £450,000 as at 31 March 2018 under a loan agreement dated 14th March 2007. No interest will be charged within the initial ten year period from the date of the agreement.

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

Furniture and equipment valued at £431,713 was transferred from the Council to TIC on 29th March 2007. These assets will revert back to the Council at the end of the service level agreement on 31st March 2027. There is a further loan agreement dated 10th February 2010 between the London Borough of Bexley and TIC, providing up to £60,000 for TIC to undertake internal works to convert two existing offices into six smaller offices. Interest will be charged at 0.5% above the Public Works Loan Board 10 year annuity rate.

As at 31st March 2020 the amounts outstanding on the loan facilities was £451,393 plus accrued interest of £31,609.

BexleyCo Limited

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

The Company's Business Plan sets out the aims and objectives of the Company, its structure and key activities. This second Business Plan, covering the period 2019 – 2029, continues to build on and refine the Business Plan agreed by Cabinet Committee on 29 January 2018 and introduces diversification to both maximise the return and deliver it within a reduced timescale to the Council. The central aim of securing a strong delivery vehicle for housing and other development activity remains.

The Business Plan was agreed by the Company's Board on 4 November 2019 and by the Cabinet Committee as Shareholder on 19 November 2019.

As at the 31st of March 2020, the council had made a working capital loan facility of £2.0m to BexleyCo of which £1.075m had been accessed. The company also drew down £2.53m from a £120m Development Facility. In addition to this, the sum of £55,677 was included in trade debtors as amounts due from BexleyCo in respect of recharges for staff costs and other expenses owed to the council.

The latest audited accounts for BexleyCo as at 31 March 2020, showed a net loss of £613,933 (£617.033m loss in 2018/19) and a net liability balance of £5,320m (£0.617m in 2018/19).

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 £345,710 to the Pension Fund in 2019/20 for administration costs. The Director of Finance & Corporate Services for 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.

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 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.

31 March 2019		31 March 2020	
£'000		£'000	
226,332	Opening Capital Financing Requirement	257,669	
	Adjustment to opening balance		
226,332	Adjusted Opening balance	257,669	
Capital Investment:			
27,890	Property Plant and Equipment	31,491	
272	Heritage Assets	223	
25,910	Investment Property	46	
231	Intangible Assets	223	
	Share Capital	6,552	
	Loan Capital	2,533	
13,929	Revenue Expenditure Funded from Capital Under Statute	20,657	
68,232	Total Capital Spending	61,725	
Sources of Finance:			
(2,805)	Capital receipts	(7,623)	
(24,280)	Government Grants and other contributions	(33,128)	
Sums set aside from revenue:			
(1,281)	Reserves and Revenue Budgets	(903)	
(8,529)	Minimum revenue Provision	(8,722)	
(36,895)	Total Sources of Finance	(50,376)	
(257,669)	Closing Capital Financing Requirement	269,018	

31 March 2019		31 March 2020	
£'000		£'000	
	Explanation of movements in year		
39,866	Increase in underlying need to borrow (unsupported by government financial assistance)	20,071	
(8,529)	Statutory provision for repayment of debt (minimum Revenue Provision)	(8,722)	
31,337	Increase/(decrease) in Capital Financing Requirement	11,349	

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.

2018/19 £'000	Minimum Lease Payments	2019/20 £'000
	Finance Lease Receivable	
13	Current	14
2,800	Non - Current	2,893
11,946	Interest	11,765
14,759	Total	14,672

2018/19 £'000	Gross Investment in Lease	2019/20 £'000
281	Not later than one year	281
1,122	Later than one year and not later than five years	1,126
13,343	Later than five years	13,169
14,746	Total	14,576

2018/19 £'000	Minimum Lease Payments	2019/20 £'000
13	Not later than one year	14
64	Later than one year and not later than five years	71
3,004	Later than five years	2,822
3,081	Total	2,907

Operating Leases

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

2018/19		2019/20
£'000	Operating Leases	£'000
1,999	Within 1 year	3,589
7,395	Within 2 – 5 years	12,045
149,748	Over 5 years	166,751
159,142	Minimum Lease payments	182,385

Council as Lessee

Finance Leases

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

2018/19	The minimum lease payments:	2019/20
£'000		£'000
	Finance lease receivable	
552	Current	569
3,020	Non-current	2,451
384	Finance costs payable in future years	277
3,956	Total	3,297

2018/19	Minimum Lease Payments	2019/20
£'000		£'000
659	Not later than one year	659
2,637	Later than one year and not later than five years	2,638
659	Later than five years	-
3,955	Total	3,297

2018/19	Finance Lease Liabilities	2019/20
£'000		£'000
552	Not later than one year	569
2,379	Later than one year and not later than five years	2,451
640	Later than five years	-
3,571	Total	3,020

2018/19	Assets included in Property Plant and Equipment	2019/20
£'000		£'000
5,953	Gross Cost	5,953
(2,380)	Accumulated Depreciation	(2,933)
3,573	Total	3,020

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 £6.3m, of which 51% will increase annually in line with RPIX and 49% is fixed. They can also vary as a result of performance and availability deductions, benchmarking, certain changes in law and contract variations initiated by the Council. Renewal and termination options and other rights and obligations are available to the Council under the terms of the agreement. The costs are being met from the annual PFI grant provided by the government of £3.1m together with academy contributions and other school budgets approved by the Council.

The Council has also contracted with Parkwood Leisure for the redevelopment and operation of its sports and swimming centres, including both routine and lifecycle building maintenance. The annual payments (the unitary charge) are currently £2.6m, which are inflated by 3% each year. These payments commenced during 2005/06 and are payable over 30 years. They can vary as a result of performance and availability deductions, certain changes in law and contract variations initiated by the Council. In addition, the operational services are benchmarked every five years and at a future benchmarking date (2020 or later) may be market tested. At July 2010 benchmarking, it was agreed no change would be made to the unitary charge and at July 2015 a unitary charge reduction of £300,000 per annum was agreed. The costs are being met from budgets approved by the Council. At the end of the contract term, which is fixed, all the facilities return to the Council for nil consideration.

2018/19		2019/20	
PPP - Leisure Centres £'000		PPP - Leisure Centres £'000	
36,253	Net book value at 1 April	51,693	
227	Additions	501	
(2,391)	Depreciation and impairment	(3,439)	
17,604	Revaluation	23,829	
-	Disposals	-	
51,693	Net Book Value at 31 March	72,584	

The associated unitary charges are now separated into three elements: service charge, repayment of the liability and interest, which are met from the Council's revenue account. The PFI payments are due to be made for the next 13 years until 2031. The PPP payments will be made for the next 19 years until 2036. An analysis of the payments in 2018/19 and 2019/20 is shown in the table below:

2018/19				2019/20		
PFI - Schools	PPP - Leisure Centres	Total		PFI - Schools	PPP - Leisure Centres	Total
£'000	£'000	£'000		£'000	£'000	£'000
2,353	546	2,899	Service Charges	2,410	641	3,051
1,408	112	1,520	Repayments made in year	1,537	7	1,544
2,425	1,680	4,105	Interest Lifecycle costs & Contingent Rents	2,319	1,839	4,158
6,186	2,338	8,524	Value at 31 March	6,266	2,487	8,753

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

2019/20	PFI - Schools				PPP - Leisure Centres			
	Repayment of Liability	Interest	Service Charge	Other	Repayment of Liability	Interest	Service Charge	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Payment in 2020/21	1,291	1,568	2,410	997	(48)	738	910	1,212
Payments within 2-5 years	6,706	4,934	9,641	3,785	309	2,917	3,923	4,967
Payments within 6-10 years	9,228	2,786	12,051	7,267	1,443	3,011	5,603	7,249
Payments within 11-15 years	1,021	30	1,406	1,198	3,287	1,399	7,021	8,353
Payments within 16-17 years		-	-	-	77	1	163	124
Total future payments (excluding any future indexation)	18,246	9,318	25,508	13,247	5,068	8,066	17,620	21,905

Note 39 – Termination Payments

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

Note 40 – Pension Schemes Accounted for as Defined Contribution Schemes

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers'

contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

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

In 2019/20 the Council paid £2.93m (2018/19 £2.82m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 20.6% of contributory Salary of £14.212m. There were no contributions remaining payable at the year-end.

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

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

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

Note 41 - 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 and the London Borough of Bexley Scheme.

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

The London Borough of Bexley pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of the London Borough of Bexley. Policy is determined in accordance with the Pension Fund Regulations.

The 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.

- 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.

Discretionary Post-retirement Benefits

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

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the table below have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Eltham Crematorium

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

London Pension Fund Association

When the Greater London Council was disbanded, Bexley was allocated 1.23% of the fund with a liability of £1.965m there are now 2 members remaining on this scheme.

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.

41a. Balance sheet Pension funds Schemes

	2018/19 £'000	2019/20 £'000
Local Government Pension Scheme (all)	191,665	157,673
Eltham Crematorium**	834	834
London Pension Fund Authority**	1,985	1,985
Total Pensions liabilities	194,484	160,492

** No IAS19 revaluation insignificant changes

41b. Comprehensive Income & Expenditure Statement

	Local Government Pension Scheme (Unfunded)		Discretionary Benefits Arrangements	
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement				
Cost of Services:				
Current Service Cost	17,424	18,325	-	-
Past Service Cost/(Gain) – Including Curtailments	7,086	4,346	-	-
Administration Expense	452	552	-	-
Financing and Investment Income and Expenditure:				
Net Interest Expense	3,597	4,232	268	238
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	28,559	27,455	268	238
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Other Comprehensive Income & Expenditure:				
Return on Plan Assets (excluding amounts included in net interest expense)	(31,216)	11,907	-	-
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	-	-	-	-
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	38,749	(61,678)	341	(1,027)
Experience(Gain)/loss on defined benefit obligation	-	-	-	-
Other actuarial (Gains) & Losses on assets	-	-	-	-
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	7,533	(49,771)	341	(1,027)
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code				
Employer's Contributions Payable to the Pension Scheme	(28,559)	(27,455)	(268)	(238)
Retirement Benefits payable to pensioners	10,822	10,286	613	601
	-	-	(613)	(601)
Total	(17,737)	(17,169)	(268)	(238)

41c - Pension Assets and Liabilities Recognised in the Balance Sheet

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

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	Local Government Pension Scheme (Unfunded)		Discretionary Benefits Arrangements	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Pension Assets & Liabilities Recognised in the Balance Sheet				
Present value of the defined benefit obligation	874,390	832,814	10,214	8,824
Fair value of plan assets	(692,939)	(683,965)	-	-
Sub-total	181,451	148,849	10,214	8,824
Other movements in the liability	-	-	-	-
Net liability arising from defined benefit obligation	181,451	148,849	10,214	8,824

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

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Reconciliation of Fair Value of Scheme Assets				
Assets as of the Beginning of the Period	658,237	692,939	-	-
Interest on Assets	18,047	16,475	-	-
Return assets less interest	31,216	(11,907)	-	-
Actuarial Gains/(Losses)	-	-	-	-
Administration expenses	(452)	(552)	-	-
Employer Contributions	10,882	10,286	613	601
Contributions by Scheme Participants	3,537	3,720	-	-
Benefits Paid	(28,528)	(26,996)	(613)	(601)
Assets as of the End of the Period	692,939	683,965	-	-

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Reconciliation of Present Value of Scheme Liabilities				
Liabilities as of the Beginning of the Period	(813,865)	(874,390)	(10,218)	(10,214)
Current Service Cost	(17,424)	(18,325)	-	-
Interest Cost	(21,644)	(20,707)	(268)	(238)
Contributions by Scheme Participants	(3,537)	(3,720)	-	-
Change in financial assumptions	(38,749)	25,117	(341)	212
Change in demographic assumptions	-	37,142	-	386
Experience (Losses)/Gains on defined benefit obligation	-	(581)	-	429
Losses on Curtailments	-	-	-	-

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Benefits Paid	27,915	26,996	613	601
Past Service Costs	(7,086)	(4,346)	-	-
Liabilities as of the End of the Period	(874,390)	(832,814)	(10,214)	(8,824)

41e - Local Government Pension Scheme assets comprised:

Asset Category	Quoted (Y/N)	Current value of scheme assets	
		31 Mar 2019 £'000	31 Mar 2020 £'000
Equities:		315,980	326,252
Energy	Y	7,622	10,807
Materials	Y	1,386	2,736
Industrial	Y	23,560	32,830
Consumer	Y	50,585	60,873
Health Care	Y	40,883	43,774
Financials	Y	36,726	39,670
Information Technology	Y	43,655	48,698
Telecommunication Services	Y	31,875	26,675
Utilities	Y	11,780	16,415
Other Equities	Y	67,908	43,774
Bonds:		154,525	149,104
UK Government Indexed	Y	76,223	71,132
Overseas Fixed Interest	Y	2,772	0
Overseas Other	Y	75,530	77,972
Alternatives:		208,575	206,557
Private Equity – Overseas LLP	N	54,742	52,665
Funds – Overseas Equity	Y	-	-
Funds – Property	N	72,759	75,236
Funds – Diversified Growth	Y	64,443	63,609
Infrastructure	N	16,631	15,047
Cash and Cash Equivalents		13,859	2,052
Total		692,939	683,965

41e - Assumptions and Sensitivity

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Under the projected unit method the current service cost will increase as members of the scheme approach retirement (where there is an increase in the age profile of the active membership). Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2020.

The principal assumptions used by the actuary have been:

Mortality Assumptions	2018/19 Years	2019/20 Years
Longevity at 65 for current pensioners in 20 years time		
Men	23.2	22.4
Women	26.2	25.1
Longevity at 65 for future pensioners		
Men	25.4	24.0
Women	28.5	27.1
Rate of CPI Inflation	2.3	2.1
Rate of Increase in salaries	3.8	3.6
Rate of increase in pensions	2.4	2.2
Rate for discounting scheme liabilities	2.4	2.4

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. 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.

		Impact on the Defined Benefit	
Factor	Change	2018/19 £'000	2019/20 £'000
Rate of discount scheme liabilities	Increase by 0.1%	13,335	16,073
Rate of Inflation	Increase by 0.1%	13,539	16,988
Rate of increase in salaries	Increase in pay growth by 0.1%	1,145	16,522
Rate of discount scheme liabilities	life expectancy 1 year	17,726	17,020

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 2019. This showed that the Fund is 101% Funded. The next triennial valuation is due to be completed as at 31 March 2022

There were national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other

benefits to certain public servants. The new scheme for local government was set out in the LGPS Regulations 2013.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2021 is £7.0m. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2020 are £0.6m.

The weighted average duration of the defined benefit obligation for scheme members is 15 years at 31 March 2019 (15 years at 31 March 2016).

Note 42 - Contingent Liabilities

Contingent liabilities have been considered up to the authorisation date of the Financial Statements of 27 July 2020 by the Director of Finance and Corporate Services.

The Council has given an undertaking to provide financial support for BexleyCo (a wholly owned subsidiary) over the next 12 months until 31st March 2021, this means that the council will not make any call on the working capital loan facility and the council will provide support to BexleyCo. to meet its financial liability obligations over the next 12 months. The total amount of support is unknown. The council estimates that the cost of this support is unlikely to have a material impact on the funds of the council.

The COVID-19 pandemic has had a major impact on the Council, although the financial impact will be primarily in 2020/21. The most significant impacts have been loss of car parking income, commercial rent deferrals, loss of income from leisure facilities and other fees and charges. The Council has incurred additional expenditure to ensure that key services such as homelessness prevention, adult social care and children social care are maintained. The Council has received some Government funding towards the additional costs and reduced income. The final financial impact will depend on the level of Government funding received and how quickly services are able to return to pre COVID-19 operating levels. Whilst the Council's un-ringfenced General Fund reserve would have some capacity to absorb some of the financial impact, a robust financial plan will be required to ensure the sustainability of the council's finances are maintained and this will form a substantial part of the financial resilience recovery work.

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

Note 43 - Contingent Assets

There are no material contingent assets to report.

Note 44 - Nature and Extent of Risks Arising from Financial Instruments

Bexley Council is a Council defined by the Local Government Act 1972 as primarily providing statutory services to the local population on a not-for-profit basis. As such, few

financial instruments are used by way of commercial business. However, the funding mechanism means that during the year, the Council may hold substantial assets and liabilities. The Council uses financial instruments to manage the risks arising from holding assets and liabilities; it does not use financial instruments for trading or speculative purposes.

The main risks covered are:

Credit Risk: The possibility that other parties might fail to pay amounts due to the Council;

Liquidity Risk: The possibility that the Council might not have funds available to meet its commitments to make payments;

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are only made with financial institutions that meet identified minimum credit criteria. The Annual Investment Strategy also imposes a maximum sum that may be invested with a financial institution/group. The Council has adopted the CIPFA Treasury Management Code of Practice.

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

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

Short-term core cash were invested for periods of up to one year. No new long term investments were made during the year. The Diversified Growth Funds were sold on 02 February 2020 and the resulting gain of £1.717m taken to revenue. 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. The impact of COVID-19 pandemic on these pooled property investments is too early to assess and they will be kept under close review during 2020/21. 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 OneSource treasury management staff in consultation with the Council's financial advisors, Link Asset Services

Credit Risk Exposure

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

	Amount at 31 March 2020	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and collectability	Estimated maximum exposure at 31 March 2020
	£'000	%	%	£'000	£'000
Deposits with financial institutions	-	-	-	-	-
Bonds	3,114	-	-	-	-
Pooled Funds	12,538	-	-	-	-

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

	31 March 2019 £'000	31 March 2020 £'000
Opening Balance	267	-
- Fair value adjustment on initial recognition	183	-
+ New loans granted	300	3,308
- Loans repaid	-	-
Impairment losses based on 12 month loss model	(750)	-
Balance carried forward	-	-
Nominal value of loans	750	3,308

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

Liquidity Risk

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

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

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

	31 March 2019 £'000	31 March 2020 £'000
Loans outstanding		
PWLB	202,503	223,471
Market debt	-	
Temporary borrowing	2,600	14,000
Total:-	205,103	237,471

	31 March 2019 £'000	31 March 2020 £'000
Maturity Profile		
Less than 1 year	2,631	14,031
Maturing between 1 and 2 years	31	31
Maturing between 2 and 5 years	94	2,794
Maturing between 5 and 10 years	17,778	20,047
Maturing between 10 and 15 years	23,769	19,268
Maturing between 15 and 20 years	2,500	14,500
Maturing between 20 and 25 years	-	-
Maturing between 25 and 30 years	9,000	12,000
Maturing between 30 and 35 years	30,300	35,800
Maturing between 35 and 40 years	40,500	42,500
Maturing between 40 and 45 years	44,500	42,500
Maturing over 45 years	34,000	34,000
Total:-	205,103	237,471

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:

	31 March 2020
	£'000
Increase in interest payable on variable rate debt	147
Increase in interest receivable on variable rate investments	154
Net Impact on Comprehensive Income and Expenditure – Gain	(7)
Decrease in fair value of loans and receivables	407,766
Decrease in fair value of fixed rate borrowings liabilities	41,705

The Council has no investment in call accounts with falling interest rates at 31 March 2020.

Foreign exchange risk

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

Collection Fund

2018/19				Collection Fund	2019/20			
Council Tax	Business Rates	Business Rate Supp.	Total		Council Tax	Business Rates	Business Rate Supp.	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(131,446)	-	-	(131,446)	INCOME:	(138,685)	-	-	(138,685)
-	(75,084)	-	(75,084)	Council Tax Receivable	-	(75,836)	-	(75,836)
-	-	-	-	Business Rates Receivable	-	-	-	-
-	228	-	228	Non - Domestic Rates	-	432	-	432
-	-	(2,101)	(2,101)	Transactional Protection	-	-	-	-
-	-	-	-	payments - non-domestic rates	-	-	(2,503)	(2,503)
-	(2,391)	-	(2,391)	Income Collectable in respect of	-	-	-	-
-	(1,952)	-	(1,952)	business rate suppliments	-	-	-	-
-	(2,165)	-	(2,165)	Contribution towards previous	-	1,404	-	1,404
				years' collection fund deficit	-	1,111	-	1,111
				Central Government	-	1,481	-	1,481
				London Borough of Bexley				
				Greater London Council				
(131,446)	(81,364)	(2,101)	(214,912)		(138,685)	(71,408)	(2,503)	(212,596)
				EXPENDITURE:				
				Precepts, demands and				
				shares:				
-	-	-	-	Central Government	-	17,742	-	17,742
105,170	46,291	-	151,461	London Borough of Bexley	111,306	34,064	-	145,370
23,917	26,039	-	49,956	Greater London Council	26,263	19,161	-	45,424
				Business Rate Supplement				
-	-	2,095	2,095	Payment to Levying Council's	-	-	2,497	2,497
-	-	6	6	Business Rate supplement	-	-	6	6
-	-	-	-	Revenue Account	-	-	-	-
-	-	-	-	Administrative Costs	-	-	-	-
-	-	-	-	Charges to Collection Fund:	-	-	-	-
711	-	-	711	Write-Offs	13	121	-	134
-	-	-	-	Increase/(decrease) in allowance	(973)	(448)	-	(1,421)
-	-	-	-	for impairment	-	(361)	-	(361)
-	-	-	-	Increase/(decrease) in allowance	-	-	-	-
-	252	-	252	for appeals	-	-	-	-
-	-	-	-	Charge to General Fund for	-	249	-	249
-	-	-	-	allowable collection costs for	-	-	-	-
-	-	-	-	non-domestic rates	-	-	-	-
-	-	-	-	Non-domestic rate refund interest	-	-	-	-
-	-	-	-	Other transfers to General	-	-	-	-
-	-	-	-	Fund in accordance with non-	-	-	-	-
-	-	-	-	domestic rates regulations	-	-	-	-
-	-	-	-	(Apportionment of previous	-	-	-	-
-	-	-	-	year's estimated collection	-	-	-	-
-	-	-	-	fund surplus)	-	-	-	-
2,000	-	-	2,000	Central Government	-	-	-	-
460	-	-	460	London Borough of Bexley	4,871	-	-	4,871
				Greater London Council	1,108	-	-	1,108
132,258	72,582	2,101	206,940	Total Expenditure	142,588	70,528	2,503	215,619
811	(8,783)	-	(7,971)	(Surplus)/Deficit arising during	3,903	(880)	-	3,023
(8,138)	2,255	-	(5,883)	the year	(7,327)	(6,528)	-	(13,855)
(7,327)	(6,528)	-	(13,854)	(Surplus)/ Defecit b/f at 1 April	(7,327)	(6,528)	-	(13,855)
				(Surplus)/Deficit arising during	(3,424)	(7,408)	-	(10,832)
				the year				

Notes to the Collection Fund

Note 1. Council Tax

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

2018/19		2019/20
£'000		£'000
(156,864)	Gross Council Tax	(166,609)
2,797	Exemptions	3,087
11,406	Discount	12,217
(409)	Premiums	(299)
11,616	Council Tax Reductions Scheme	12,919
8	Write offs	-
(131,446)	Income from Council Tax Payers	(138,685)

For 2019/20, the Council Tax was set by the Council at £1,678.88 (£1,588.04 in 2018/19) for a property in band D. For 2019/20, the Council Tax was calculated using an estimated Council Tax Base of 81,941 Band D equivalents, as detailed below:

2018/19			Council Tax band			2019/20		
Number of chargeable dwellings	Band D equivalent dwellings*	Council tax payable	Band	Ratio to Band D	Property value £	Number of chargeable dwellings	Band D equivalent dwellings*	Council tax payable
2,568	1,744	1,058.69	A	6/9	up to 40,000	2,643	1,736	1119.25
6,743	5,166	1235.16	B	7/9	40,001 - 52,000	6,921	5,302	1305.80
23,617	20,678	1411.6	C	8/9	52,001 - 68,000	23,745	20,790	1492.35
23,918	23,559	1588.04	D	9/9	68,001 - 88,000	24,142	23,780	1678.88
17,438	20,993	1940.92	E	11/9	88,001 - 120,000	17,526	21,100	2051.96
4,560	6,488	2293.85	F	13/9	120,001 - 160,000	4,592	6,534	2425.07
1,580	2,594	2646.75	G	15/9	160,001 - 320,000	1,603	2,632	2798.16
33	65	3176.08	H	18/9	320,001 and over	34	67	3357.76
80,457						81,207		
	81,287				Council Tax base		81,941	

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

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

Note 2. Income from Business Ratepayers

Under the arrangements for business rates that came into effect on 1 April 2013, the Council collects National Non Domestic Rates (NNDR) for the Bexley area on behalf of the Government, the Greater London Council (GLA) and Bexley. These are based on rateable

values multiplied by uniform rates which, for 2019/20, were 50.4p and 49.1p for small businesses (for 2018/19, 49.3p and 48.0p for small businesses). The total amount less certain reliefs and other deductions is paid to the Government, GLA and Bexley's General Fund in the following proportions:

Government	25%
GLA	27%
Bexley	48%

Income from business ratepayers can be analysed as follows:

2018/19 £'000		2019/20 £'000
(90,054)	Gross non domestic rates	(91,768)
1,592	Empty Properties	1,390
(228)	Transitional Relief	(432)
13,555	Mandatory & Discretionary Relief	14,975
51	Write off	-
(75,084)	Income from Business Rate Payers	(75,835)

The total business rateable value as at 31 March 2020 was £192.008m (£189.569m as at 31 March 2019). There was a revaluation of non-domestic properties effective from 1 April 2017.

3. Council Tax Precepts

Payments are made from the Collection Fund to the London Borough of Bexley (the billing Council) - £111.306m in 2019/20 (£105.170m in 2018/19) and the Greater London Council (the precepting Council) - £26.263m in 2019/20 (£23.917m in 2018/19). These figures are before the distribution of any previous year's estimated Fund surplus or deficit. There was a surplus of £5.979m to distribute in 2019/20 - £4.871m to Bexley and £1.108m to the Greater London Council (there was a surplus of £2.460m to distribute in 2018/19 - £2.000m to Bexley and £0.460m to the Greater London Council). The Council Tax income accrued in the General Fund adjusts the estimated demand from the Collection Fund by the actual surpluses or deficits on the Collection Fund.

4. Crossrail Business Rate Supplement

The Mayor of London introduced a levy of 2p on non-domestic properties with a rateable value of over £70,000 in London from 1 April 2010, to help pay for Crossrail. Powers were granted to the Greater London Council (GLA) to introduce this under the Business Rates Supplements Act 2009. The Crossrail Business Rate Supplement (BRS) is being collected on behalf of the GLA by the Council along with general business rates (NNDR). Income collected and payments made to the GLA are included in the Collection Fund.

5. Business Rates - Provision for Appeals

Under the arrangements for the retention of business rates that came into effect on 1 April 2013, Bexley, as a billing Council, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. This includes amounts relating to non-domestic rates charged to businesses in previous financial years. The provision is based on an estimate of the likely success rate of those appeals that were submitted to the Valuation Officer as at 31 March 2020 and were still outstanding.

Group Accounts

Group Comprehensive Income and Expenditure Statement

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
15,146	(6,489)	8,657	Chief Executive	16,055	(8,520)	7,535
158,921	(105,148)	53,773	Children & Education	248,271	(177,980)	70,291
89,330	(41,419)	47,911	Adult Social Care & Public Health	103,325	(54,317)	49,008
96,105	(34,454)	61,651	Places, Community & Infrastructure	109,521	(37,686)	71,835
136,102	(97,065)	39,037	Finance & Corporate Services	124,029	(88,793)	35,236
495,604	(284,575)	211,029	Cost of Services	601,201	(367,295)	233,905
	152		Other Operating Expenditure			67,225
	6,345		Financing and Investment Income and Expenditure			17,357
	(189,894)		Taxation and Non-Specific Grant Income			(204,429)
	27,632		Deficit on Provision of Services			114,058
	(74,047)		Surplus on Revaluation of PPE and Heritage Assets			(46,357)
	(437)		Other Movements on Revaluation of Non Current Assets			
	7,874		Remeasurements of the Net Pensions Defined Benefit Liability			(50,798)
	(38,978)		Total Comprehensive Income and Expenditure			16,903

Group Movement in Reserves Statement 2019/20

	General Fund Balance	BexleyCo Retained Earnings	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 31 March 2019	(12,732)	617	(30,626)	(1,892)	(12,684)	(57,317)	(448,434)	(505,751)
Movement in Reserves during 2018/19								
Deficit/(Surplus) on Provision of Services (Accounting Basis)	113,437	621	-	-	-	109,618	-	109,618
Other Comprehensive Income	-	-	-	-	-	-	(97,155)	(92,715)
Total Comprehensive (Income)/Expenditure	113,437	621	-	-	-	109,618	(92,715)	16,903
Adjustments Between Accounting Basis and Funding Basis Under Regulations	(107,088)	-	-	1,492	7,185	(98,411)	98,411	-
Net (Increase) Before Transfers To Earmarked Reserves	6,349	621	-	1,492	7,185	15,647	1,256	16,903
Other adjustments								
Transfers To/(From) Earmarked Reserves	(3,760)		3,760	-	-	-	-	-
(Increase)/Decrease In Year	2,589	621	3,760	1,492	7,185	15,647	1,256	16,903
Balance At 31 March 2020	(10,143)	1,238	(26,866)	(400)	(5,499)	(41,670)	(447,178)	(488,848)

Group Balance Sheet

31 March 2019		31 March 2020
£'000		£'000
774,895	Property, Plant and Equipment	753,957
26,641	Heritage Assets	26,474
91,307	Investment Property	87,583
587	Intangible Assets	585
31,008	Long Term Investments	15,538
7,297	Long Term Debtors	7,188
931,736	Long Term Assets	891,325
272	Short-term Investments	324
2,526	Inventories	7,627
61,045	Short Term Debtors	74,947
5,261	Cash and Cash Equivalents	20,200
69,104	Current Assets	103,098
(4,814)	Cash and Cash Equivalents Overdrawn	(5,222)
(3,292)	Short-Term Borrowing	(14,717)
(39,861)	Short-Term Creditors	(59,373)
(7,416)	Provisions	(4,684)
(55,383)	Current Liabilities	(83,996)
(2,227)	Long-Term Provisions	(2,188)
(202,061)	Long Term Borrowing	(222,946)
(31,629)	Other Long-Term Liabilities	(29,496)
(194,484)	Pension Liabilities	(160,492)
(9,305)	Capital Grants Receipts in Advance	(6,457)
(439,706)	Long Term Liabilities	(421,579)
505,751	Net Assets	488,848
(57,317)	Usable Reserves	(41,670)
(448,434)	Unusable Reserves	(447,178)
(505,751)	Total Reserves	(488,848)

Group Cash Flow Statement

2018/19 £'000		2019/20 £'000
(27,632)	Net (Surplus)/Deficit on Provision of Services	(109,618)
62,368	Adjustments to the Net (Surplus)/Deficit on the Provision of Services for Non-Cash Transactions	121,735
(26,969)	Adjustments to the Net (surplus)/Deficit on the Provision of Services that are Investing and Financing	(30,012)
8,767	Net Cash Flows from Operating Activities	17,895
(42,883)	Net cashflow from Investing Activities	1,965
30,402	Net cash flow from Financing Activities	30,461
(3,714)	Net Increase/Decrease in Cash and Cash Equivalents	14,531
4,161	Cash and Cash Equivalents at the Beginning of the Period	447
447	Cash and Cash Equivalents at the End of the Period	14,978

Notes to Group Accounts

1. Introduction

For a variety of legal, regulatory and other reasons, local authorities often choose (or are required) to conduct their activities not through a single entity but through two or more legal entities which fall under their ultimate control. For this reason the financial statements of the Council do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, the Code requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity that is under the control of the Council. The London Borough of Bexley (the reporting authority) has one subsidiary companies reported in the group accounts:

BexleyCo. The London Borough of Bexley owns 100% of the share capital of BexleyCo.

2. Basis of Consolidation

The group CIES, 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 using similar accounting policies and practices to that of the reporting authority. However some accounting policies and practices do differ in some respects from the council's due to legislative requirements.

3. BexleyCo Limited a company limited by shares

i) Nature of Business

The London Borough of Bexley contracts with BexleyCo for development of housing real estate.

ii) Financial Performance

In 2019/20 the company made an operating loss of £0.614m. (£0.617m loss in 2018/19).

iii) Property, plant and equipment

The Statement of Financial Position for BexleyCo includes £4.850m (2018/19 nil) of Assets under Construction and Investment Properties of £3.420m (2018/19 £Nil). These assets are included within the consolidated group Balance Sheet.

GLOSSARY OF TERMS

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

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

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or
- (b) the actuarial assumptions have changed.

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

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