



# London Borough of Bexley

# Statement of Accounts 2024/25

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# Narrative report

## Introduction

Dear Reader,

I am pleased to present the statement of accounts for the London Borough of Bexley for the financial year 2024/25.

My narrative report includes the financial statements with an overall explanation of the Council's financial position during 2024/25 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 2025. 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.

## Our Performance in 2024/25

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

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

To make sure we are on track 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 importantly they show us if we are on track to achieve our target.

We share and update our performance with residents regularly at Public Cabinet, 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 accessible. We publish an Annual Performance Report each year and I have included a summary of the 2024/25 report below, ordered by Bexley Plan Priority.

### Priority theme 1: Aspiration for our residents

Outcome 1 – Children and young people have the best start in life

Outcome 2 – Good schools and achievement for all our pupils

Outcome 3 – Lifelong learning helps people reach their potential and access good jobs

Outcome 4 – Happy, healthy and resilient lives

Outcome 5 – Your life, your choice – working together towards the life you want

Our data shows:

Improved outcomes from our Family Wellbeing Service with almost 90% of families supported achieving or partially achieving outcomes.

We saw a 7.7% reduction in referrals to Children’s Social Care this year, but a 7.4% increase in the rate of Children in Need (now higher than comparators) and a 5.7% increase in Child Protection Plans. The rate of children looked after remained similar and significantly below the national average. We maintained a high proportion of care leavers in suitable accommodation (93.9%) and a slight increase in care leavers accessing employment, education, or training (now 68.9%),

In relation to SEND we have seen the number of referrals and EHCPs continue to rise (7.6%). However, latest published national figures (for 2023) show a national increase of 11.4% which potentially demonstrates the positive impact of our focus on early help. Timeliness of EHCPs has reduced (now 67%) but remains higher than national average (50.3% in 2023 which is the most recent available data). Audits taking place under our new quality assurance framework indicate that our EHCPs are improving in quality.

Our data shows that there have been fewer admissions to residential or nursing care this year. This reflects the wide range of work to support people living independently, prevent avoidable hospital admissions and so reduce the need for long-term residential or nursing home care. Much of this work is covered by our Better Care Fund plan. The rate of admission among working age adults decreased from 8.7 to 7.3 per 100,000 population from 2023/24 to 2024/25, while the admission rate for older people fell from 479.8 to 414.4 per 100,000 population.

We’ve sustained the outcomes for people accessing reablement services with 83.5% of clients completing reablement with a reduction in their care needs this year and a 1.5% increase in people making no further request for support after receiving reablement.

We’ve also seen an improvement in the timeliness of planned reviews with 63% now completed within 3 months.

There’s been a small increase in the proportion of care providers rated good or outstanding by CQC this year and this now stands at 70.8%.

Furthermore, the proportion of people receiving direct payments increased to 23.3%.

Unfortunately, we saw a slight decline (to 55%) in the proportion of adults aged 40-74 receiving their NHS health check.

Stepping away from the data, much has been achieved this year that furthers our Corporate Plan outcomes under priority theme 1. The following list provides a small selection of recent activity and achievements:

- Our Children’s Services were commended for our commitment to delivering high-quality support to children and families, following a focused visit by Ofsted inspectors in February.

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- Bexley's first Family Hub has opened in Erith, providing early support and community-led services in a welcoming and supportive space.
- A jobs club has been running at The Nest supporting parents into work with CVs, interview skills, childcare and benefits advice.
- Our 6th Fostering Together hub launched this year and specialises in children under 7.
- Bexley's Youth Justice Service received an overall rating of 'Good' with some areas of work rated 'outstanding' following an inspection by His Majesty's Inspectorate of Probation (HMIP) in April 2024.
- The Learning & Education College, Bexley (LECB) was once again rated as a good provider, with outstanding features in all areas in its latest Ofsted inspection.
- 92.8% of our schools are rated good or outstanding by Ofsted.
- 92.4% of Bexley's children were offered their first choice of primary school and 99% received one of their top 3 preferences, placing us amongst the top 5 in London.
- We have secured £2.56m funding in 2024/25 and £17.08m to date from the DfE's Safety Valve Programme to implement interventions, which will have the dual benefit of improving outcomes for children and young people with special educational needs and/or disabilities (SEND) and helping to bring the high needs budget to a more sustainable financial position.
- A new speech and language intervention 'Secondary Language Link' was introduced into secondary schools and a new Early Years Specialist Support service has been launched.
- We have rolled out a training package and toolkit to pilot schools to support them in addressing Emotionally Based School Avoidance and have run a monthly parent / carer support group.
- We have worked with our Mental Health Support Team (MHST) to roll out the third wave of MHST schools – over 50% of schools are now covered which is slightly above the national target.
- By the end of the spring term, 1205 children had taken part in either the FRIENDS Resiliency Programme or ELSA (Emotional Literacy Support Assistant) Interventions, enhancing the early intervention offer to schools and pupils.
- Our School Superzones have continued to promote safer travel, healthy eating and increased activity.
- Our winter plan was successfully implemented in collaboration with partners and providers across the local health and social system, with a focus on vaccination uptake and improving patient flow via reablement and discharge to assess.
- Winter 2024/25 saw generosity woven into a powerful safety net for vulnerable older housebound residents across Bexley thanks to the 'Bexley Boxes' initiative. Local residents, businesses, schools and staff donated money, food, clothing and blankets. These individual donations were transformed into essential boxes filled with Winter warming items. Volunteers including residents, businesses, councillors and staff supported the project by delivering boxes directly to residents' homes. Trusted local organisations helped make contact with those who would qualify. The project provided vital support to 770 local residents.
- We've progressed our Better Care Fund plan which has helped us manage seasonal increases in A&E attendances and non-elective hospital admissions and our GP and Urgent Treatment Centre capacity remained strong.
- The new Hyper-Acute stroke unit opened at Darent Valley Hospital, improving timely and expert stroke care for Bexley residents.

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- Bexley Autism Strategy was approved and aims to improve support for people with autism at home, at school and at work.
- Over 130 people attended a Good Mental Health event held for adults with a learning disability.
- A consortium led by Greenwich & Bexley Hospice won the Pathways Alliance contract which enables trusted partners to complete care act assessments and reviews for people with readily understood care and support needs and their carers.
- We've supported elderly and vulnerable adults and children to remain independent in their own homes completing 211 major mandatory DFG adaptations, 155 discretionary adaptation grants, 1307 minor adaptations and provided 148 grants to help facilitate speedy hospital discharge.
- The Your Life, Your Choice online platform launched providing residents with access to local support services and social activities and offering greater flexibility and control for those managing their own care.
- 85% of participants on our Tier 2 Weight Management service lost more than 3% of their initial weight.
- We've expanded our smoking cessation service, recruiting more advisors, expanding outreach and increasing access to quit smoking aids.
- We've expanded the Bexley Mental Health Ambassadors Programme to include nail bars, hairdressers and tattoo parlours.
- Time to talk benches have been installed with signage and QR codes to enable people to call the Samaritans should they wish.
- Leisure centre throughput and membership continued to grow this year with just under 10,000 members by March 2025 and the centres have drafted a new Healthy Communities Plan.

### **Priority theme 2: Ambition for our Borough**

Outcome 6 – Good growth supported by better transport

Outcome 7 – Cleaner and greener borough

Outcome 8 – Local jobs and businesses in a thriving local economy

Outcome 9 – People and communities feel safe and inclusive

Outcome 10 – Quality, affordable homes for every stage of life

Our data shows:

- Fewer people moved into new jobs this year but the proportion of people in sustained employment increased by 17.8% to an impressive 72.5% this year.
- Library visits rose this year to 849,116 – an increase of 4.6% and there has also been an 8.4% increase in people using our leisure centres – up to 2,115,572 visits.
- A 7.6% reduction in crime this year and a 10% reduction in hate crime offences but the rate of domestic abuse incidents remained similar.
- We are the only London borough experiencing a reduction in our Temporary and Emergency Accommodation numbers. We saw a 40.8% reduction this year. This is partly due to the success of our homelessness preventions, which have risen by 21.9% this year.

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- Bexley's residents are wasting less and sending less rubbish to incineration this year. The average residual household waste reduced by 11kg per household and this reduces pollution and helps protect the environment.
- Recycling rates have been maintained at 43.9% over the course of the year but were increasing by the final quarter (46%) which moves us into 3rd position in London, above the London and national averages. Over 12 tonnes of textiles have been collected through doorstep collections by TRAIID this year.
- We have a zero-tolerance policy to littering and fly tipping and we issued 2,501 fixed penalty notices for littering, 645 for fly tipping and 66 prosecutions.

Stepping away from the data, much has been achieved this year that furthers our Corporate Plan outcomes under priority theme 2. The following list provides a small selection of recent activity and achievements:

- Our Schools Waste Action Club team visited over 40 schools enabling 12,500 children to learn about waste and recycling.
- #CelebratingBexley launched as a year-long celebration of arts and culture in the borough celebrating numerous local anniversaries including the centenary of Danson as a public park, 500 years since Lesnes Abbey was dissolved and the Council's own 60th birthday.
- We have secured approval to continue to run Howbury and Homeleigh hostels for use as emergency accommodation with existing suppliers for a further 2 years.
- Bexley Community Safety Partnership published its Joint Strategic Assessment and agreed priorities of serious violence, domestic abuse, anti-social behaviour and community reassurance with a focus on shoplifting, theft, vehicle crime and concerns of young people.
- Solace Women's Aid were awarded the contract for domestic abuse community provision in Bexley until 2030.
- A new CCTV system has been designed for the borough, based on crime data.
- The Clearing at Lesnes Abbey has extended its community offer and over 4000 pupils have engaged with the schools' programme and over 30,000 people have attended events or regular workshops. Local volunteers have given 2,776 hours this year to support the grounds and activities and helped retain our Green Flag Award status.
- The Splash Park within Danson Park has been renovated and reopened with accessible equipment.
- Bexley's Local Plan continues to secure good growth in the borough, with permissions granted for residential development exceeding our annual housing delivery requirement. We have published a housing supply capacity that meets the boroughs current housing requirements.
- We continue to remove permitted development rights for commercial buildings, including shops, to be converted to residential use to protect our town centres and designated industrial areas.
- Riverside Gardens open space improvements and the new community facility '68' on Pier Road, Erith will shortly be completed.

- Bexley Business & Employment service (BBE) continued to support residents who are furthest from the job market. 478 people were supported into paid employment and 83% sustained their employment. Our Bexley Works Programme is exceeding performance targets achieving more than double the target of job starts.
- BBE has provided advice, guidance, training and mentoring to over 296 businesses, given cash grants to 26 businesses to upskill staff and assisted 62 local people towards starting their own business. 60 new jobs have been created so far.
- Town centres have hosted events to encourage visits and increase footfall and dwell time – for example, Sidcup's Fringe Festival and a new festive market in Bexleyheath.

### **Priority theme 3: An Efficient and Effective Council**

Outcome 11 – Lobbying for Bexley and on the side of our residents

Outcome 12 – Taxpayers' money is spent wisely and well

Outcome 13 – Customers at the heart of what we do

Outcome 14 – Rigorous procurement and contract management to get the best services

Outcome 15 – Attract, retain and develop an efficient, diverse and inclusive workforce

Our data shows:

Despite ongoing cost of living pressures, the percentage of households in Temporary & Emergency Accommodation which are in rent arrears has reduced by 6.3% this year. Council Tax and Business Rate collection rates slightly reduced and while there's been an increase in the number of Penalty Charge Notices (PCNs) issued (for parking and moving traffic contraventions), there's also been a slight decrease in the percentage that are paid.

The 'abandon rate' for contact centre calls was slightly higher this year compared to last, but still well within our 10% target.

Meanwhile, the percentage of stage 1 complaints handled within timescale slightly improved this year, as did the percentage of stage 2 complaints but the percentage of statutory complaints closed in timescale worsened. A smaller proportion of stage 2 complaints were referred to the ombudsman this year. Of the 59 cases referred to the ombudsman this year, 48 (81.36%) resulted in no further investigation / no fault found.

Stepping away from the data, much has been achieved this year that furthers our Corporate Plan outcomes under priority theme 3. The following list provides a small selection of recent activity and achievements:

- After setting a balanced budget for the coming year, we will be investing more than £235m in day-to-day services in 2025/26, as well as £262m over four years through our capital programme – including £86m in 2025/26.
- We participated in an LGA Peer Challenge review of Finance in 2025, designed to complement our own performance and improvement focus.

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- We have developed and implemented a Transformation Programme this year designed to fundamentally change the way the council operates and deliver best value. The programme involves reshaping the council's strategy, processes, culture, technology and structure to achieve significant improvements in performance, resilience and outcomes for residents and businesses. This programme will help us address the challenging financial context we face.
- We have instigated a Corporate Debt Board this year to improve our debt recovery and monitoring, improve cash flow and reduce the level of write-offs and bad debt provision.
- A Corporate Spend Panel has been meeting twice a week this year to review and approve all expenditure.
- We agreed two new ground leases with New River Retail Ltd for Broadway Shopping Centre and Broadway Square, Bexleyheath, securing a premium that will fund our Transformation Programme next year.
- Our Customer Experience Strategy launched this year with its aim to put customers at the heart of what we do. A new call satisfaction survey has been launched and is giving useful insight into the quality of our call handling and customers' confidence in our response. So far, 85.4% of respondents felt they were treated respectfully, 78.1% felt confident their issue was dealt with and 85.5% felt listened to. We expect all these figures to improve as more aspects of the strategy are implemented.
- We have also completed the first phase in implementing a new case management system in our contact centre which will bring all contact centre systems into one place, streamline processes for staff, and improve the experience for customers who call us.
- We have completed a number of digital projects including developing a data warehouse that enables us to automate reporting and provide more timely management information to our service managers, automating the process for dropped kerb applications, improving 'fix my street', implementing 'WasteWorks' a new platform for reporting missed bins and trialling use of artificial intelligence solutions across the organisation.
- Our new People Strategy has been agreed and sets out our approach to attracting and retaining a high-quality workforce who represent the changing nature of the Borough.
- Over 100 applications were received for work experience, mostly from students at schools in the borough.
- In addition, we have continued to press the borough's case with Government, TfL and the Mayor of London, opposing the new charges at the Silvertown and Blackwall tunnels that impact Bexley residents who need to cross the river for work and arguing for the Superloop to stop in Bexley Village.

## 2024/25: A Financial Overview

The Budget and Council Tax for 2024/25 was set by Full Council in March 2024 in the context of the Council's Medium Term Financial Strategy covering the period 2024/25 to 2027/28. The budget set out the detailed financial plans for the Council in its Revenue and Capital budgets for the financial year.

The Council has faced continued financial pressures during the year. Inflation stood at 3.20% in March 2024, reducing to 2.60% by March 2025. Whilst inflation came down the impacts of the high inflation rates seen before March 2024 continued to impact the Council in a range of ways, including:

- Affecting the spending power of residents particularly for those on lower incomes, their ability to pay for services, spending on discretionary services such as leisure and wider fees and charges and Council Tax, reducing our collection rates
- Delays in development within the Borough including impact on the Council's capital programme; and
- The government continue to cap annual increases in Business Rates as the small business rates multiplier remained frozen in 2024/25 and there is a risk that the next reset process could create a reduction in funding.
- Impacts on annual cost of existing contracts particularly those that have embedded inflation clauses. Where contracts are coming up for retendering or renewal there is a very high risk that the inflation required will be greater than the current assumptions over the medium term
- The construction industry is seeing materials shortages and increased costs in some areas linked to significant price increases which may have an impact on the cost of new construction projects within the capital programme
- There have been additional pressures in children's and adult social care and Parking

In addition to the global economy, uncertainty surrounding the impact of the reforms to business rates and long-term sustainable funding for adult and Children's 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 aforementioned global economic situation is only adding to these financial pressures.

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

## Group Accounts

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

BexleyCo was established to support the Council in delivering its Growth Strategy, by providing new homes for local people. The company acts commercially, delivering good quality homes and generating returns to the Council as its shareholder. This is achieved by optimising the development opportunities for the Council's surplus land assets, securing planning permission and building new homes, primarily on a build to sell model.

BexleyCo's objectives are:

- To develop new homes in exemplar schemes that will drive up the standards of all new homes throughout the Borough
- To provide a wide range of new homes for affordable rent, shared ownership and market sale
- To facilitate new communities that are socially successful and sustainable over the long term, primarily through design, construction, sales, marketing and estate management strategies
- To maximise the number of our new homes that are sold or let to local people, putting Bexley residents first
- To support the local supply chain, and thereby increase the amount and quality of new jobs that are available to residents of the Borough, and;
- To meet the Council's requirements in relation to its financial returns; and to work in an open, transparent and ethical manner, reflecting and supporting the Council's values.

As per the business plan the Company is focusing on the residential development of ten sites on a build-for-sale basis which is expected to deliver 492 properties, including affordable homes for social rent and shared ownership.

## 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 £6.707m overspend. Once corporate budgets and funding have been taken into account, there is a resulting overspend of £1.523m. The overspend has been funded from the Financial Planning reserve.

<b>Directorate</b>	<b>Net budget £'m</b>	<b>Outturn £'m</b>	<b>Total variation £'m</b>
Adult Social Care and Public Health	77.705	80.213	2.508
Chief Executive's Office	4.583	4.330	(0.253)
Children and Education	55.473	60.418	4.945
Finance and Corporate Services	28.598	29.290	0.692
Place	44.982	43.797	(1.185)
<b>Total Directorate</b>	<b>211.341</b>	<b>218.048</b>	<b>6.707</b>
Corporately held budgets	17.735	12.878	(4.857)
Total corporate funding	(229.076)	(229.403)	(0.327)
<b>Total Corporate</b>	<b>(211.341)</b>	<b>(216.525)</b>	<b>(5.184)</b>
<b>TOTAL</b>	<b>-</b>	<b>1.523</b>	<b>1.523</b>

The financial pressures of 2024/25 were mainly due to inflation, the cost of living crisis, escalating demand and the complexity of needs impacting social care services.

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

Children's services reported overspends mainly linked to accommodation and support for looked after children, services for children with disabilities and increasing demand for transport for children with special educational needs.

The 2024/25 year continued to see changing patterns of expenditure and income within Adult Social Care. As with 2023/24, there was additional expenditure on community-based and older people care home services with both numbers and unit costs increasing. There were also increases in the unit costs for Residential and Nursing and direct payments.

The Housing Service was successfully able to mitigate the demand pressures on temporary accommodation in 2024/25 through rigorous management of the service and utilising the Private Rented Sector and other suitable alternatives. However, properties for Private Rented Sector discharge are becoming increasingly difficult, time consuming and expensive to secure as the cost of dealing with the challenge has increased. This will be particularly difficult to maintain going forward due to the changing market conditions, the Home Office programme for decanting from London hotels and the Department of Defence accommodating Afghan refugees.

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

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

## Capital outturn

During the year, the Council's capital outlay was £39.244m against a revised budget of £41.818m, with slippage of £2.574m. A robust review will also take place to ensure that all schemes are required in future years.

Directorate	2024/25 Revised Budget £'m	Additions/ (deletions) £'m	(Slippage)/ accelerated spend £'m	2024/25 Outturn £'m	Variance to Revised Budget £'m	Variance to Revised Budget %
Adult Social Care & Public Health	0.951	-	(0.061)	0.890	(0.061)	(6%)
Children and Education	12.004	-	0.026	12.030	0.026	-
Finance and Corporate Services	11.346	-	(1.450)	9.896	(1.450)	(13%)
Places, Communities & Infrastructure	17.517	1.296	(2.385)	16.428	(1.089)	(6%)
<b>Total Capital Expenditure</b>	<b>41.818</b>	<b>1.296</b>	<b>(3.870)</b>	<b>39.244</b>	<b>(2.574)</b>	<b>(6%)</b>

The variances from budget relate mainly to the profiling of expenditure as opposed to the cancelling of projects, the most significant of which are in Highways primarily on maintenance and bridge joints schemes and the timeline of drawdowns on the development funding for BexleyCo.

## Bexley's balance sheet

The Council maintained a strong balance sheet, with £877.028m of Long Term Assets as at 31 March 2025, Current Assets of £104.754m, Current Liabilities of £70.551m, and Long Term Liabilities of £270.728m. Furthermore, the Council has usable reserves of £83.901m.

31-Mar-24		31-Mar-25	
£'000		£'000	
871,896	Long Term Assets	877,028	
107,565	Current Assets	104,754	
(64,122)	Current Liabilities	(70,551)	
(257,883)	Long Term Liabilities	(270,728)	
<b>657,456</b>	<b>Net Assets</b>	<b>640,503</b>	
(86,384)	Usable Reserves	(83,901)	
(571,072)	Unusable Reserves	(556,602)	
<b>(657,456)</b>	<b>Total Reserves</b>	<b>(640,503)</b>	

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The Council's previous Section 151 officer during 2024/25 took into account reserve levels and advised that a prudent level of General Fund reserves was circa £14m. This level is required to ensure there are sufficient resources for both working capital and to cover emergency expenditure.

General Fund and Earmarked Reserves	Balance at 31 March 2023	Movements 23/24	Balance at 31 March 2024	Movements 24/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
<b>Earmarked Reserves</b>	(52.876)	6.064	(46.812)	(1.493)	(48.305)
General Fund	(14.360)	-	(14.360)	-	(14.360)
<b>General Fund Reserves</b>	<b>(67.236)</b>	<b>6.064</b>	<b>(61.172)</b>	<b>(1.493)</b>	<b>(62.665)</b>

### Borrowing and capital financing

The Council currently has £230.615m of borrowing outstanding as at 31 March 2025.

The Council took out £10m of new long term borrowing during 2024/25.

The Capital Programme for 2024/25 to 2027/28 was agreed by the Council in March 2024. This outlined the capital expenditure planned for 2024/25 and the borrowing requirement of £65.484m, however, only £16.019m was required due to slippage in the capital programme.

### Collection Rates for Council Tax and Business Rates

The net collection of Council Tax for the year to 31 March 2025 was 95.05% of the £185.055m collectable, leaving £9.155m to be recovered.

The net collection for Business Rates at the end of March 2025/period 12 was 97.07% of the £97.049m collectable, leaving £2.842m of debt to be recovered.

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

### Non-Current Asset Revaluation

The Council appointed Wilkes Head & Eve to carry out a rolling valuation programme of a proportion of the Council's assets in 2024/25. The impact of these valuations is reported within the notes to the accounts.

## Significant Changes in Accounting Policies

The accounts for 2024/25 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 2024/25 Code incorporates required accounting standard amendments. The impact of IFRS 16 Leases is reflected in the accounts.

## 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 2025, the Budget Gap was £43.893m, with the biggest pressure on 2028/29 as shown below.

	2026/27	2027/28	2028/29
	£'m	£'m	£'m
<b>Budget Gap Reported to Public Cabinet February 2025</b>	32.658	38.527	43.930

## Economic Climate

The Council continues to face increasing pressures relating to domestic economic factors, such as supply chains and ongoing inflationary pressures with energy and water. In March 2024, inflation was 3.20%. This reduced to 2.60% by March 2025, but has spiked as of April 2025, which was a rate of 3.50%. Inflation is expected to rise to 3.70% before entering a downward trajectory at the latter end of the year. Similarly, interest rates are forecasted to reach 3.75% with two further rate cuts expected in this financial year following a rate cut of 0.25% in May 2025 taking the bank rate to 4.25%.

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

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

Officers will be reviewing the Medium Term Financial Strategy, taking into account the 2024/25 final outturn and the financial impact of the UK and global economic situation. The Council has always used cashflow forecasting to assist with treasury management decisions, however it has gained greater significance as unplanned expenditure has been required to deal with the emerging situation. Cashflow is being closely monitored to ensure sufficient funds are available for daily requirements.

**Ross Brown**

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

**Date: 17 February 2026**

# Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this case, the responsible officer is the Director of Finance and Corporate Services
- to manage its affairs in order to generate an economic, efficient and effective use of resources and
- 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 2024/25 ("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 2025. In preparing the Statement of Accounts, the Director of Finance & Corporate Services has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that the Accounts present a true and fair view of the financial position of the Council as at 31 March 2025 and of its income and expenditure for the year ended 31 March 2025.



**Ross Brown**

**Director of Finance and Corporate Services**

**Date: 17 February 2026**

I confirm that the 2024/25 Statement of Accounts for the London Bourough of Bexley and Bexley Pension Fund were approved by the General Purposes and Audit Committee on 28 January 2026.



**Cllr Peter Reader**

**Chair of the General Purposes and Audit Committee**

**Date: 17 February 2026**

# 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.

2023/24			2024/25			
Gross Expenditure	Gross Income	Net Expenditure	Notes	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
131,861	(59,174)	72,687	Adult Social Care and Public Health	133,038	(65,822)	67,216
5,238	(183)	5,055	Chief Executive's Office	4,651	(195)	4,456
184,691	(128,413)	56,278	Children and Education	217,088	(150,635)	66,453
118,042	(71,604)	46,438	Finance and Corporate Services	116,989	(60,957)	56,032
101,663	(35,681)	65,982	Place	100,682	(39,138)	61,544
<b>541,495</b>	<b>(295,055)</b>	<b>246,440</b>	<b>Cost of Services</b>	<b>572,448</b>	<b>(316,747)</b>	<b>255,701</b>
		22,266	Other Operating Expenditure			(2,263)
		3,756	Financing and Investment Income and Expenditure			8,984
		(220,337)	Taxation and Non-Specific Grant Income			(223,202)
		<b>52,125</b>	<b>Deficit on Provision of Services</b>			<b>39,220</b>
		(8,878)	Surplus on Revaluation of PPE and Heritage Assets	14, 15, 25		(20,736)
		64,417	Remeasurements of the Net Pensions Defined Benefit Liability	40		(1,531)
		<b>55,539</b>	<b>Other Comprehensive Income</b>			<b>(22,267)</b>
		<b>107,664</b>	<b>Total Comprehensive Expenditure / (Income)</b>			<b>16,953</b>

## Movement in Reserves Statement

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

### Movement in Reserves Statement 2024/25

	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
<b>Balance At 1 April 2024</b>	<b>(14,360)</b>	<b>(46,811)</b>	<b>(61,171)</b>	<b>(1,044)</b>	<b>(24,169)</b>	<b>(86,384)</b>	<b>(571,072)</b>	<b>(657,456)</b>
<u>Movement in Reserves</u> during 2024/25:								
Deficit on Provision of Services (Accounting Basis)	39,220	-	39,220	-	-	39,220	-	39,220
Other Comprehensive Income	-	-	-	-	-	-	(22,267)	(22,267)
<b>Total Comprehensive Expenditure/(Income)</b>	<b>39,220</b>	<b>-</b>	<b>39,220</b>	<b>-</b>	<b>-</b>	<b>39,220</b>	<b>(22,267)</b>	<b>16,953</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 9)	(40,714)	-	(40,714)	(4,078)	8,055	(36,737)	36,737	-
<b>Net Decrease/(Increase) Before Transfers To Earmarked Reserves</b>	<b>(1,494)</b>	<b>-</b>	<b>(1,494)</b>	<b>(4,078)</b>	<b>8,055</b>	<b>2,483</b>	<b>14,470</b>	<b>16,953</b>
Other adjustments: Transfers (From)/To Earmarked Reserves (Note 10)	1,494	(1,494)	-	-	-	-	-	-
<b>(Increase)/Decrease In Year</b>	<b>-</b>	<b>(1,494)</b>	<b>(1,494)</b>	<b>(4,078)</b>	<b>8,055</b>	<b>2,483</b>	<b>14,470</b>	<b>16,953</b>
<b>Balance At 31 March 2025</b>	<b>(14,360)</b>	<b>(48,305)</b>	<b>(62,665)</b>	<b>(5,122)</b>	<b>(16,114)</b>	<b>(83,901)</b>	<b>(556,602)</b>	<b>(640,503)</b>

**Movement in Reserves Statement 2023/24**

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

## Balance Sheet

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

31-Mar-24			31-Mar-25
£'000			£'000
754,053	Property plant and equipment	14	765,966
35,001	Heritage Assets	15	36,158
52,595	Investment Property	16	47,561
1,165	Intangible Assets	17	1,029
20,029	Long Term Investments	18	18,084
9,053	Long Term Debtors	20	8,230
<b>871,896</b>	<b>Long Term Assets</b>		<b>877,028</b>
11,980	Assets Held for Sale	14.6	7,170
221	Short Term Investments	18	218
3,814	Inventories	19	3,981
63,850	Short Term Debtors	20	77,035
27,700	Cash and Cash Equivalents	21	16,350
<b>107,565</b>	<b>Current Assets</b>		<b>104,754</b>
(5,734)	Cash and Cash Equivalents Overdrawn	21	(2,713)
(3,606)	Short Term Borrowing	18	(6,740)
(48,273)	Short Term Creditors	22	(51,329)
(3,656)	Short Term Provisions	23	(4,075)
(2,770)	Short T Grant Rec Adv Rev	13	(2,844)
(83)	Short T Grant Rec Adv Capital	13	(2,850)
<b>(64,122)</b>	<b>Current Liabilities</b>		<b>(70,551)</b>
(1,655)	Long Term Provisions	23	(1,104)
(220,325)	Long Term Borrowing	18	(224,323)
(23,405)	Other Long Term Liabilities	34	(31,043)
(6,090)	Pension Liabilities	40	(5,347)
(6,408)	Long T Grant Rec Adv Capital	13	(8,911)
<b>(257,883)</b>	<b>Long Term Liabilities</b>		<b>(270,728)</b>
<b>657,456</b>	<b>Net Assets</b>		<b>640,503</b>
(86,384)	Usable Reserves	24	(83,901)
(571,072)	Unusable Reserves	25	(556,602)
<b>(657,456)</b>	<b>Total Reserves</b>		<b>(640,503)</b>

I certify that the Balance Sheet represents a true and fair view of the council's financial position as of 31 March 2025.



**Ross Brown**  
Director of Finance and Corporate Services

Date: 17 February 2026

## 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.

2023/24 £'000		2024/25 £'000
(52,125)	Net Deficit on Provision of Services	(39,220)
58,133	Adjustments to the Net Deficit on the Provision of Services for Non-Cash Transactions	26 52,816
(24,352)	Adjustments to the Net Deficit on the Provision of Services that are Investing and Financing	26 (18,378)
<b>(18,345)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(4,782)</b>
10,478	Net cash flow from Investing Activities	27 (3,103)
(11,180)	Net cash flow from Financing Activities	28 (443)
<b>(19,047)</b>	<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(8,328)</b>
41,012	Cash and Cash Equivalents at the Beginning of the Period	21,966
<b>21,966</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>13,637</b>

## Notes to the Accounts 1 to 10

### Note 1 - Accounting Policies

#### 1.1 Introduction and Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position as of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the Accounts to be prepared in accordance with proper accounting practices.

These practices under Section 21(2) of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### Going Concern Concept

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

#### 1.2 Accruals of Income and Expenditure/Revenue Recognition

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

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably.
- dividends or equivalent should be recognised where the Council's right to receive is established.

### **1.3 Cash and Cash Equivalents**

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

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

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

### **1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

### **1.5 Charges to Revenue for Non-Current Assets**

## London Borough of Bexley Statement of Accounts 2024/25

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

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service.
- for Finance Leases, Minimum Revenue Provision (MRP) is equal to the write-down of the liability.

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

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

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

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

- Billing authorities act as agents, collecting Council Tax and non-domestic rates (NNDR) on behalf of the major preceptors (including government for NNDR) and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NNDR collected could be less or more than predicted.
- Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For London Borough of Bexley, the Council Tax precepting body is Greater London Authority and the NNDR precepting bodies are Central Government (33% share), London Borough of Bexley (30% share) and Greater London Authority (37% share).
- The Business Rate Supplement (BRS), in conjunction with the Crossrail Project, is a levy collected on behalf of the Greater London Authority (GLA) by this Authority along with Business Rates. The income and expenditure for BRS are included in the Collection Fund.

### **1.6.2 Accounting for Council Tax and NNDR**

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

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

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

### **1.6.3 Business Improvement Districts**

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

## **1.7 Employee Benefits**

### **1.7.1 Benefits Payable During Employment**

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

An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the new financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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

### 1.7.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service segment or where applicable to a corporate service segment when the Council is demonstrably committed to the termination of the employment of an officer or group of officers. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### 1.7.3 Post-Employment Benefits

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

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme administered by the Local Pensions Partnership (LPP) on behalf of the London Borough of Bexley. The London Borough of Bexley is the administering authority for the Pension Fund.
- The National Health Service (NHS) Pension Scheme, administered by the Department of Health and Social Care.

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

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

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

- the liabilities of the London Borough of Bexley pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using a discount rate of 5.8% (based on the redemption yields available on long-dated AA-rated corporate bonds, as required by the Local Authority Accounting Panel).

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

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

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

**Service cost comprising:**

- current service cost - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- net interest on the net defined benefit liability i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

**Remeasurements comprising:**

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

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

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

#### **1.7.4 Discretionary Benefits**

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

#### **1.8 Events after the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period - 31 March - and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

#### **1.9 Financial Instruments**

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

##### **1.9.1 Financial assets**

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

- amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVPL)

The Council's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial assets measured at amortised cost**

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

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest and interest credited to the comprehensive income and expenditure statement is the amount receivable for the year in the loan agreement.

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

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

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

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

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

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

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

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

### **Fair Value Measurement of Financial Assets**

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

The Fair Value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis

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

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

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

The IFRS 9 statutory override requires local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to a Pooled Investment Adjustment Account in the Movement in Reserves statement, which removes the impact on the General Fund balance. This override has been extended until 1 April 2029.

### **Expected Credit Loss Model (ECL)**

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

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

Impairment losses are charged to the Comprehensive Income and Expenditure statement under Financing and Investment Income and Expenditure.

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

### **1.9.2 Financial liabilities**

Financial liabilities are initially recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at Fair Value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council's policy is to spread the gain or loss over the term remaining on the loan, against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves statement.

### **1.10 Foreign Currency Translation**

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

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

### **1.11 Government Grants and Contributions**

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

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

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

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

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

### **1.12 Community Infrastructure Levy**

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

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

### **1.13 Heritage Assets**

The Council's Heritage Assets comprise of a museum collection, historical buildings and monuments, public artwork, civic regalia and a collection of local studies and archives material. The assets are held with the primary objective of increasing the knowledge, understanding and appreciation of the borough's history and the local area. These are valued every three years by an external valuer. This was last carried out in 2023/24 by BCH Ltd.

#### **Heritage Assets - measurement and valuation**

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where the asset has suffered physical deterioration, breakage or where doubts arise as to its authenticity. Such impairment will be recognised and measured in accordance with the Council's general policies on impairments. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

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

### **1.14 Intangible Assets**

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

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

Intangible assets are measured initially at cost. Amounts would only be revalued where the Fair Value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years unless it is anticipated to be otherwise.

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

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

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

### **1.15 Interests in Companies and Other Entities**

The Council has material interests in BexleyCo Ltd that has the nature of a subsidiary and is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2024/25.

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

### **1.16 Inventories and Long-Term Contracts**

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

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

## 1.17 Investment Property

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

Investment properties are measured initially at cost and subsequently at Fair Value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but are reviewed annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## 1.18 Fair value measurement of non-financial assets and liabilities

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

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

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

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

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

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

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

### **1.19 Leases**

#### **The Council as a Lessee**

##### **Finance Leases**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or 1 April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

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.

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment.

### **The Council as a Lessor**

#### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

### **Operating Leases**

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

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

### **1.20 Overheads**

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

### **1.21 Highways infrastructure assets**

#### **Highways infrastructure assets**

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

#### **Recognition**

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

#### **Measurement**

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

## Depreciation

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

Annual depreciation is the depreciation amount allocated each year.

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

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

## Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other Operating Expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

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

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure is nil. This override applies until 31 March 2029.

## 1.22 Property, Plant and Equipment (PPE)

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

### Recognition

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure and community assets - depreciated historical cost
- assets under construction - historical cost

- Council offices - current value. The Civic Offices, due to its specialist nature, is measured at depreciated replacement cost which is an estimate of the current value. For other smaller offices where there is an active market, current value is determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost which is an estimate of the current value
- other land and buildings and operational assets where there is an active market - Current value determined as the amount that would be paid for the asset in its existing use (EUV)
- operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of the current value
- surplus assets - the current value measurement base is Fair Value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV)

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

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

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

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

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

## Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

## Depreciation

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

Depreciation is calculated on the following bases:

- other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment - straight-line allocation over the useful life of the asset
- infrastructure - straight-line allocation over the useful life of the asset using the lives stated in accounting policy 1.21

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

## Component Accounting

In some cases, the calculation of materially accurate depreciation charges may require disaggregation of an item of property, plant and equipment that might otherwise have been carried as a single asset in the asset register. The overall value of an asset is fairly apportioned over significant components that are accounted for separately and their useful lives and the method of depreciation are determined on a reasonable and consistent basis.

The principles of componentisation are applicable to:

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

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

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

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

In 2024/25 the Council's valuers completed a review of the component elements, the value of which will vary dependent on the asset category and the ranges were as follows:

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

This approach is applied to the revaluation of property assets in 2024/25. In addition, these significant component elements have different lifespans as follows:

- structures - including windows and pitched roofs - maximum 50-year life span
- flat roof - maximum 20 years life span
- mechanical and engineering - including electrics, heating systems, lifts etc. - maximum 15-year life span

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- external works - including drainage, external services, paths, car parks, boundary treatment and landscaping - maximum 30 years

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

A phased approach has been adopted from 1 April 2010 and all revaluations of properties in excess of £1m due as part of the 5-year revaluation cycle are subject to the component accounting requirements. Valuations continue to be provided in accordance with the CIPFA Code of Practice 2024/25 and the Royal Institute of Chartered Surveyors (RICS) Global Standards 2017: UK national supplement. The valuation is then apportioned in accordance with the component elements mentioned above.

Capital expenditure is assessed and where expenditure on a component represents less than 10% of the asset's value it is not separately identified. Each year Bexley's revaluation process includes the revaluation of all property assets over £1m, and for those under £1m there are scheduled revaluations of assets based on the 5-year rolling programme. In addition, property, that although not due for a revaluation as part of the rolling revaluation programme, is identified for revaluation where significant changes have occurred in a year i.e. a new extension, new roof, etc. A market valuation adjustment is also applied based on the land registry or inflation rate index on other properties below £1m and not due for a valuation.

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

### **Disposals and Non-Current Assets Held for Sale**

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

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

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

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

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Accounting Treatment of School Assets**

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

Assets relating to Foundation and Academy schools are not recognised on the Council's balance sheet. Expenditure on the enhancement of the assets of voluntary aided schools (with the exception of playing fields), Foundation schools and Academy schools are treated as Revenue Expenditure Funded from Capital under Statute (see note 1.28). Schools held on the balance sheet are disposed of for nil consideration when they transfer to Academy status. The resultant gain or loss is recognised in the Financing and Investment Income and Expenditure line of the Consolidated Income and Expenditure Statement; and, in order to negate the impact on the General Fund Balance, are reversed out of the General Fund to the Capital Adjustment Account via the Movement in Reserves Statement.

**Minimum Revenue Provision (MRP)**

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

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

### 1.23 Private Finance Initiative and Similar Contracts

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

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

Non-current assets recognised in this way on the Balance Sheet are subsequently revalued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

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

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

## 1.24 Provisions

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

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

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

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

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

## 1.25 Contingent Assets

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

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

## 1.26 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts where there is a possible obligation which cannot be measured with sufficient reliability or where it is not probable that there will be an outflow of resources.

### **1.27 Reserves**

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

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

### **1.28 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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

### **1.29 VAT**

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

### **1.30 Jointly Controlled Operations**

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

## Note 2 - Accounting Standards Issued, Not Adopted

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

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2025/26 Code). This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) **IFRS 17 Insurance Contracts issued in May 2017.** IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

### Note 3 - Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2027, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date	General Fund £m	Earmarked reserves* £m
31 March 2025	14.360	44.962
31 March 2026	14.360	38.806
31 March 2027	14.360	39.942

\* Excludes Dedicated Schools Grant

The 31 March 2026 and 31 March 2027 figures in the above table are based on projections made in the Budget Monitoring for Period 2 of 2025/26 (May 2025).

The General Fund and Earmarked Reserve position is a balance at 31 March 2025 of £14.360m and £44.962m, with predicted balances at 31 March 2026 of £14.360m and £38.806m. This remains above the minimum level of General Fund reserve (£14.000m) as set by the Director of Finance and Corporate Services as the Section 151 Officer.

The cash flow forecasting and assessment of the adequacy of the liquidity position shows that further borrowing will be required later in 2025/26 as cash balances reduce during the year.

The Council has set a cash balance limit of £17m at which point it would seek borrowing should balances go below this. This limit is more than sufficient to enable activities to continue should the balance fall beneath it. Borrowing will also be required to support the capital programme. The borrowing for capital purposes is within the Council's Prudential Code limits and is consistent with the Council's plans and normal practice.

To ensure that the Council continues to allocate resources appropriately, a programme of in-depth analysis of specific services is underway, known as service reviews. These service reviews seek to identify pressures, risks and opportunities that will inform the Medium Term Financial Strategy (MTFS). During the summer of 2024 reviews were carried out on Adult Social Care Homecare/Reablement and Preparing for Adulthood, Special Educational Needs (SEN) Transport, Looked After Children Placements for Children's Social Care, Children's Services Establishment, Parking Services, Waste Services and Emergency Accommodation, which informed the MTFS agreed by Council in February 2025. Further service reviews are underway during the summer of 2025 including further work on Special Educational Needs (SEN) Transport, Emergency Accommodation, Parking, Waste Services, Children's Social Care and Adult Social Care.

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

### 3a - Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interests in BexleyCo Limited are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts.
- The Council has elected to take up the statutory override relating to the accounting for highways infrastructure assets which was extended until 1 April 2029. In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed to prove the judgement that the components being replaced are fully depreciated or that any remaining balance would not be material. The Council is not required to make any prior period adjustment to the balances of the statement of accounts in respect of infrastructure assets.
- The Council is applying the requirements of the IFRS 9 statutory override when recognising fair value movements on pooled fund investments. This requires that all unrealised fair value movements resulting from pooled investment funds are reversed to a Pooled Investment Adjustment Account in the Movement in Reserves statement, which removes the impact on the General Fund balance. This override was originally due to expire in March 2025 but the Government have extended it so that it continues to apply to existing pooled fund investments until 1 April 2029.
- Since 2020, the government has allowed local authorities to exclude Dedicated Schools Grant deficits from their main revenue budgets. This statutory override means local authorities do not breach their statutory duty to set a balance budget. The override period currently runs to the end of the 2025/26 financial year.

## Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2025 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
<b>Property, Plant &amp; Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	Where the Council determines that the useful life of property, plant and equipment should be shortened, the revised remaining useful life, thereby increases the depreciation expense. Any change in an asset's life is reflected in the Council's accounts when the change in estimate is determined.
	Assets are valued on a five-year rolling basis.	The carrying value of assets in the balance sheet is £765,996m.
<b>PPE Valuations (excluding Operational Heritage Assets)</b>	The Council carries out a rolling programme that ensures that all property assets are revalued within a 5-year period by the Council's external valuers. In addition to the planned revaluation rolling programme, all properties valued at over £1m and any other properties subject to a significant change during the year are revalued.  In the current economic climate, the Balance Sheet valuations of £731.860m may be subject to fluctuations.	If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £7.374m would arise. This would normally be reversed to the Revaluation Reserve.  Where revaluation losses exceed unrealised gains, the net loss would be charged to the Comprehensive Income and Expenditure Statement and subsequently written off to the Capital Adjustment Account.

<b>Heritage Asset valuations</b>	<p>Historic Buildings are valued on a reinstatement cost basis. Due to their specialist nature, the assessment of their reinstatement cost is undertaken by a specialist consultant on a three yearly cycle, the last assessment being in March 2024. In the previous years the valuation has been reviewed by the Principal Valuer with reference to the change in the RICS BCIS cost index. For March 2025, a major review report was provided by external valuers for these valuations.</p>	<p>As well as buildings, the Council also holds an art collection, civic regalia and monuments with a total value of £1.926m, which are measured at reinstatement cost in the Balance Sheet. If the asset valuation of all heritage assets (including operational heritage assets and the art collection, civic regalia and monuments) were to rise by 1%, an increase in value of £0.648m would arise. This would be adjusted via an increase to the Revaluation Reserve.</p>
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Therefore the Historic Building Valuation of £62.826m may be subject to fluctuations.

<b>Fair Value Measurements</b>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</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>
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Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in note 18 below.

<b>Impairment allowance for doubtful debt</b>	As of 31 March 2025, the Council has established provisions of £31.867m against its total debt base to reflect the likelihood of being unable to recoup a proportion of the outstanding debt. It is not certain that this provision would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to a future adjustment being required. The Council has established policies for the calculation of impairment allowances, based on the nature of the debt, the service area and historic experience of the collection of debts. If collection rates were to deteriorate then the Council would need to review its policies on the calculation of its bad debt provision.
<b>Pensions liability</b>	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The principal factors affecting the valuation of the pension liability are the discount rate, the inflation rate and the longevity (mortality rate). The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in an increase in the net pension asset of £36.088m. However, a 0.25% increase in the inflation assumption is likely to decrease the net pension asset by £18.906m or, should longevity increase by one year, the net pension asset would decrease by £12.853m.

**Pensions liability (contd.)**

The value of the net Defined Benefit Pension Liability in the balance sheet is £5.347m, comprising the Local Government Pension Fund Scheme (£4.943m) and a separate net defined pension liability of £0.404m relating to the separate LPFA pension.

In calculating the net pensions asset, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefits of the net pensions asset of £162.330m calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contributions is limited. An asset ceiling therefore applies.

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<b>Investment Property Valuations</b>	Investment Properties are measured initially at cost and subsequently at fair value. The Council undertakes a revaluation of all Investment Property every year.	If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £0.476m would arise. This loss in fair value would be posted directly to the CIES. In the current economic climate, the Balance Sheet valuations of £47.561m may be subject to fluctuations.
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## **Note 5 - Material Items of Income and Expenditure**

The Council recorded capital receipts totalling £3.850m representing premiums on the granting of new leases in respect of Broadway and Broadway Square Shopping Centre to NewRiver Retail Limited.

## Note 6 - Events After the Reporting Period

The draft statement of accounts was authorised for issue by the Director of Finance and Corporate Services on 30 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, 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 2025, there have been no material events that would require an adjustment to the financial statements.

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

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

## Note 7 - Expenditure and Funding Analysis

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

Expenditure and funding analysis adjustments are explained in Note 7.1.

### Expenditure and Funding Analysis

2023/24			2024/25		
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
71,588	1,099	72,687	80,213	(12,997)	67,216
4,244	811	5,055	4,330	127	4,456
58,032	(1,754)	56,278	60,418	6,035	66,453
27,934	18,504	46,438	29,292	26,740	56,032
45,502	20,480	65,982	43,543	18,001	61,544
<b>207,300</b>	<b>39,140</b>	<b>246,440</b>	<b>217,795</b>	<b>37,906</b>	<b>255,701</b>
(207,300)	12,985	(194,315)	(217,795)	1,313	(216,481)
-	52,125	52,125	-	39,220	39,220
(14,360)	-	-	(14,360)	-	-
-	-	-	-	-	-
(14,360)	-	-	(14,360)	-	-

## 7.1 - Notes to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustments (Note 2) £'000	Other Adjustments (Note 3) £'000	Total Adjustments £'000
<b>2024/25</b>				
Adult Social Care and Public Health	1,444	(10)	(14,431)	(12,997)
Chief Executive's Office	240	(3)	(110)	127
Children and Education	9,905	(31)	(3,841)	6,033
Finance and Corporate Services	20,242	829	5,669	26,740
Places, Community and Infrastructure	23,796	(20)	(5,775)	18,001
<b>Net Cost of Services</b>	<b>55,627</b>	<b>765</b>	<b>(18,488)</b>	<b>37,904</b>
Other Income and Expenditure from the Expenditure & Funding Analysis	(14,715)	23	16,006	1,314
<b>Difference between General Fund Deficit and Comprehensive Income &amp; Expenditure Statement Deficit on the Provision of Services</b>	<b>40,912</b>	<b>788</b>	<b>(2,482)</b>	<b>39,218</b>

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

### Note 1 - Adjustments for Capital Purposes

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

- **other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- **financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- **taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line are credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year

### Note 2 - Net change for the Pension Adjustments

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

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

### Note 3 - Other Differences

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

- **for financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts

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

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

Income received according to the Authority's operating segments analysed

2023/24 £'000	Services	2024/25 £'000
(59,174)	Adult Social Care and Public Health	(65,822)
(183)	Chief Executive's Office	(195)
(128,413)	Children and Education	(150,635)
(71,604)	Finance and Corporate Services	(39,138)
(35,681)	Place	(60,957)
<b>(295,055)</b>	<b>Total Income analysed according to operating segments</b>	<b>(316,747)</b>

## Note 8 – Expenditure and Income Analysed by nature

### The Council's expenditure and income analysed

2023/24		2024/25
£'000		£'000
	<b>Expenditure:</b>	
113,483	Employee Benefit expenses	124,554
376,637	Other Service expenses	393,008
48,335	Depreciation, Amortisation and REFCUS (Revenue funded as capital under statute)	52,458
7,003	Interest payments	10,224
333	Precepts and levies	343
6,832	Revaluation losses	8,293
938	Loss on fair value of investments	-
21,932	Gain or loss on disposal of assets	-
<b>575,493</b>	<b>Total Expenditure</b>	<b>588,880</b>
	<b>Income:</b>	
(56,164)	Fees, charges and other service income	(61,292)
(7,185)	Interest and investment income	(6,291)
(172,329)	Income from Council tax and non-domestic rates	(186,987)
-	Gain or loss on disposal of assets	(2,605)
(22,869)	Other income non-specific grants	(24,011)
(792)	Revaluation gains	(725)
-	Gains on fair value of investments	(87)
(25,138)	Capital grants and contributions	(12,204)
(238,893)	Government grants and contributions	(255,458)
<b>(523,368)</b>	<b>Total Income</b>	<b>(549,660)</b>
<b>52,125</b>	<b>Deficit on the Provision of Services</b>	<b>39,221</b>

## 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.

## 2024/25 Adjustments between Accounting Basis and Funding Basis

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation of Property, Plant and Equipment	(45,928)	-	-	45,928
Revaluation (losses)/gain on Property, Plant and Equipment	(2,431)	-	-	2,431

## London Borough of Bexley Statement of Accounts 2024/25

Movements in the market value of Investment Properties	(5,137)	-	-	5,137
<hr/>				
<b>Adjustments</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<hr/>				
<b>Adjustments primarily involving the Capital Adjustment Account (cont):</b>				
Amortisation of Intangible Assets	(490)	-	-	490
Deferred income written down	339	-	-	(339)
Reversal of Capital Grants credited to CIES	11,295	-	(11,295)	-
Capital Grants and Contributions Applied	-	-	19,350	(19,350)
Revenue expenditure funded from capital under Statute	(6,040)	-	-	6,040
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	(4,506)	-	-	4,506
<hr/>				
<b>Items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Provision for the repayment of debt	3,767	-	-	(3,767)
Capital expenditure charged against the General Fund	1,846	-	-	(1,846)
<hr/>				
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	7,111	(7,111)	-	-
Capital Receipts Reserve to finance capital expenditure	-	3,169	-	(3,169)
Capital Receipts Reserve to finance revenue expenditure	(738)	738	-	-
<hr/>				
<b>Adjustment involving the Pooled Investment Fund Adjustment Account:</b>				
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to the fair value of investments	87	-	-	(87)
<hr/>				
<b>Adjustments involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds	-	(874)	-	874
Write down of finance lease long term debtors	(20)	-	-	20
<hr/>				
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	35	-	-	(35)

## London Borough of Bexley Statement of Accounts 2024/25

Adjustments	General Fund Balance  £'000	Capital Receipts Reserve  £'000	Capital Grants Unapplied  £'000	Movement in Unusable Reserves  £'000
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,257)	-	-	11,257
Employer's pensions contributions and direct payments to pensioners payable in the year	10,469	-	-	(10,469)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,319	-	-	(1,319)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
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	(434)	-	-	434
<b>Total Adjustments</b>	<b>(40,713)</b>	<b>(4,078)</b>	<b>8,055</b>	<b>36,736</b>

## 2023/24 Adjustments between Accounting Basis and Funding Basis

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment</b>				
<b>Account:</b>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation of Property, Plant and Equipment	(42,151)	-	-	42,151
Revaluation (losses)/gain on Property, Plant and Equipment	(3,040)	-	-	3,040
Movements in the market value of Investment Properties	(3,000)	-	-	3,000
Amortisation of Intangible Assets	(532)	-	-	532
Deferred income written down	339	-	-	(339)
Reversal of Capital Grants credited to CIES	23,324	-	(23,324)	-
Capital Grants and Contributions Applied	-	-	8,161	(8,161)
Revenue expenditure funded from capital under Statute	(5,652)	-	-	5,652
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(22,725)	-	-	22,725
Write out of non-current assets - notional loss on academy transfers	(236)	-	-	236
<b>Items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Provision for the repayment of debt	9,442	-	-	(9,442)
Capital expenditure charged against the General Fund	1,883	-	-	(1,883)
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,029	(1,029)	-	-
Capital Receipts Reserve to finance capital expenditure	-	1,370	-	(1,370)
Capital Receipts Reserve to finance revenue expenditure	(1,000)	1,000	-	-
<b>Adjustment involving the Pooled Investment fund</b>				
<b>Adjustment Account:</b>				
Reversal of amounts credited to Comprehensive Income and expenditure account with respect to the fair value of investments	(938)	-	-	938

## London Borough of Bexley Statement of Accounts 2024/25

Adjustments	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds	-	(887)	-	887
Write down of finance lease long term debtors	(18)	-	-	18
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
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)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,583)	-	-	7,583
Employer's pensions contributions and direct payments to pensioners payable in the year	8,426	-	-	(8,426)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(4,771)	-	-	4,771
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	108	-	-	(108)
<b>Total Adjustments</b>	<b>(46,060)</b>	<b>(546)</b>	<b>(15,163)</b>	<b>61,769</b>

**Note 10 – General Fund and Earmarked Reserves**

This note sets out the amounts set aside from the General Fund and Earmarked Reserve balances to provide financing for future expenditure plans and the movements from Earmarked Reserves to meet General Fund expenditure in 2024/25.

<b>General Fund and Earmarked Reserves *</b>	<b>Balance at 31 March 2023</b>	<b>Movements 2023/24</b>	<b>Balance at 31 March 2024</b>	<b>Movements 2024/25</b>	<b>Balance at 31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financial Planning Reserve (i)	(5,969)	4,107	(1,862)	(912)	(2,774)
Collection Fund Reserve (ii)	(8,113)	(10,817)	(18,930)	(7,213)	(26,143)
Adult Social Care (iii)	(9,273)	7,312	(1,961)	(1,649)	(3,610)
Public Health (iv)	(1,473)	615	(858)	173	(685)
Information Technology Reserve (v)	(1,119)	1,119	-	-	-
Insurance Reserve (vi)	(3,410)	686	(2,724)	(227)	(2,951)
Reorganisation Reserve (vii)	(2,120)	2,120	-	-	-
Transformation Reserve (viii)	(2,289)	508	(1,781)	90	(1,691)
Revenue grants and contributions unapplied (ix)	(618)	136	(482)	(173)	(655)
Other Earmarked Reserves (x)	(1,583)	214	(1,369)	(277)	(1,646)
BexleyCo Dividend Reserve (xi)	(1,500)	1,500	-	-	-
<b>Subtotal</b>	<b>(37,467)</b>	<b>7,500</b>	<b>(29,967)</b>	<b>(10,187)</b>	<b>(40,154)</b>
Schools' Balances (xii)	(3,025)	539	(2,486)	346	(2,140)
Community Infrastructure Levy (CIL) (xv)	(1,509)	(956)	(2,465)	(203)	(2,668)
Dedicated Schools Grant (DSG) (xvi)	(10,875)	(1,019)	(11,894)	8,550	(3,344)
<b>Total Earmarked Reserves</b>	<b>(52,876)</b>	<b>6,064</b>	<b>(46,812)</b>	<b>(1,493)</b>	<b>(48,305)</b>
General Fund Balance	(14,360)	-	(14,360)	-	(14,360)
<b>Total General Fund Reserves</b>	<b>(67,236)</b>	<b>6,064</b>	<b>(61,172)</b>	<b>(1,493)</b>	<b>(62,665)</b>

\*Restated

**(i) Financial Planning Reserve** - the purpose of this reserve is to provide a resource with which to deal with the uncertainties in the forward financial planning process arising from further reductions in Government grant

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

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

**(iv) Public Health** - this reserve is set aside to fund the Council's Sexual Health and Suicide Prevention Programmes.

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

**(vi) Insurance Reserve** - The Council self-insures for many risks and the Insurance Reserve exists to deal with the infrequent but expensive claims that have to be anticipated as part of such an arrangement

**(vii) Reorganisation Reserve** - this reserve existed to meet possible redundancy costs in future years but was consolidated into the Financial Planning Reserve as it was no longer required for this specific purpose.

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

**(ix) Revenue Grants and Contributions Unapplied** - revenue grants and contributions where there are no conditions outstanding, but where there are balances still to be used to finance capital expenditure, are also included in earmarked reserves

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

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

**(xii) Schools' Balances** - these are the school balances and are maintained on the Council's books as per regulation but are under the direct control of the schools

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

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

### Note 11 – Other Operating Expenditure

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

2023/24		2024/25
£'000		£'000
334	Levies	342
21,932	(Gains)/Losses on the disposal of non-current Assets	(2,605)
<b>22,266</b>	<b>Total</b>	<b>(2,263)</b>

### Note 12 - Financing and Investment Income and Expenditure

2023/24		2024/25
£'000		£'000
9,982	Interest payable and similar charges	10,201
(2,979)	Pension Fund - Net interest on the net defined asset	23
(4,163)	Interest receivable and similar income	(3,489)
938	Financial Assets measured at fair value through Profit and Loss	(87)
(22)	Income and Expenditure in relation to Investment Properties and their changes in fair value	2,336
<b>3,756</b>	<b>Total</b>	<b>8,984</b>

**Note 13 - Taxation and Non-Specific Grant Income**

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

**Non-specific grants and contributions receivable**

2023/24 £'000		2024/25 £'000
(132,462)	Council Tax Income	(145,146)
(39,867)	Business Rates (Retained Share)	(41,841)
(22,870)	General Government Grants	(24,011)
(25,138)	Capital Grants and Contributions	(12,204)
<b>(220,337)</b>	<b>Total</b>	<b>(223,202)</b>

## 13.1 Grants and Contributions Credited to Net Cost of Services

2023/24 £'000	Grant	Service	2024/25 £'000
(6,766)	Adults Social Care Grant	Adults & Public Health	(8,893)
(928)	ASC Discharge Funding	Adults & Public Health	(1,546)
(11,486)	CCG Better Care Funding	Adults & Public Health	(13,178)
(1,484)	NHS Funding Initiative	Adults & Public Health	(1,554)
(1,055)	NHS Hospital Discharge Funding	Adults & Public Health	(2,023)
(10,832)	Public Health Grant	Adults & Public Health	(11,452)
(1,412)	Workforce Capacity Grant	Adults & Public Health	-
(2,174)	Market Sustainability and Improvement Fund	Adults & Public Health	(4,062)
(2,592)	Asylum Seekers Grant	Children and Education	(1,718)
(6,766)	Children's Social Care Grant	Children and Education	(8,893)
(92,585)	Dedicated Schools Grant	Children and Education	(107,719)
(1,164)	ESFA Early Years Supplementary	Children and Education	(114)
(4,855)	Other School Grants	Children and Education	(8,325)
(2,984)	PFI Funding	Children and Education	(3,056)
(1,582)	Pupil Premium	Children and Education	(1,735)
(792)	Supported Families Grant	Children and Education	(991)
(908)	Universal Infants Free School Meals	Children and Education	(871)
(3,246)	Mayor's Free School Meals	Children and Education	(5,291)
(1,308)	Covid-19 Grants	Finance and Corporate Services	(65)
(2,680)	Homes for Ukraine Grants	Finance and Corporate Services	(1,120)
(3,088)	Household Support Fund Grant	Finance and Corporate Services	(3,125)
(532)	Housing Benefit Admin Grant	Finance and Corporate Services	(510)
(55,007)	Housing Benefits	Finance and Corporate Services	(45,238)
(672)	MOPAC Grants	Place	(929)
(3,448)	Homelessness Prevention Grant	Place	(3,565)
(8,812)	Other Contributions from Health Authorities	Adults & Public Health	(7,408)
(5,441)	Other Contributions		(5,923)
(4,294)	Other Grants		(6,154)
<b>(238,893)</b>	<b>Total Grants and Contributions Credited to the Net Cost of Services</b>		<b>(255,458)</b>

**13.2 Grants credited to Taxation and Non-specific Grant Income****General Government Grants**

2023/24 £'000	Grant	2024/25 £'000
(10,205)	Business Rates Relief Grant	(11,880)
(6,616)	Improved Better Care Fund Grant	(6,616)
(29)	Local CTax Support Grant	-
(181)	New Homes Bonus	(942)
(4,036)	Revenue Support Grant	(4,304)
(1,482)	Services Grant	(256)
(321)	Other Grants	(13)
<b>(22,870)</b>	<b>Total</b>	<b>(24,011)</b>

**Capital Grants and Contributions**

2023/24 £'000	Grant or contribution	2024/25 £'000
(1,814)	CIL funding	(909)
(684)	Condition Funding/Primary Modernisation	(479)
(16,149)	ESFA SEN Funding	(1,766)
(388)	GLA - Good Growth & Getting Building Fund	(1,465)
(62)	Peabody Funding	(64)
(3,136)	Renovation Grants	(3,669)
(1,420)	Transport for London / Department for Transport	(3,040)
(1,485)	Other	(812)
<b>(25,138)</b>	<b>Total</b>	<b>(12,204)</b>

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

**13.3 Grants Receipts in Advance - Capital**

2023/24 £'000	Grants, contributions and donations received	2024/25 £'000
(6,401)	Section 106	(8,794)
(90)	Other	(2,967)
<b>(6,491)</b>	<b>Total</b>	<b>(11,761)</b>

**13.4 Grants Receipts in Advance - Revenue**

2023/24 £'000	Grant, contribution or donation	2024/25 £'000
(389)	Commuted Sums - Various	(558)
-	Empowering Parents, Empowering Communities Grant	(68)
(660)	Homes For Ukraine Grants	(660)
(1,346)	S38/S278 Developer Contributions	(1,201)
-	Rough Sleepers Grant	(327)
(43)	Domestic Violence Grants	-
(22)	Health Inequalities ICS Grant	-
(280)	Mayor's Free School Meals	-
(30)	Other Grants	(30)
<b>(2,770)</b>	<b>Total</b>	<b>(2,844)</b>

## Note 14 - Property, Plant and Equipment

### 14.1 Movements Excluding Infrastructure

#### Movements in 2024/25

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
<b>Cost or Valuation:</b>								
At 1 April 2024	543,624	23,650	11,372	5,615	10,470	27,628	622,359	79,439
IFRS16 Adjustment	13,824	230	-	-	-	-	14,054	6,289
<b>At 1 April 2024 post IFRS16</b>	<b>557,448</b>	<b>23,880</b>	<b>11,372</b>	<b>5,615</b>	<b>10,470</b>	<b>27,628</b>	<b>636,413</b>	<b>85,728</b>
<b>Adjustment</b>								
Additions	4,980	2,363	373	10	12,764	3	20,493	593
Revaluation (decreases) /increases recognised in the Revaluation Reserve	(8,165)	-	-	454	-	963	(6,748)	(7,732)
Revaluation decreases recognised in the Deficit on Provision of Services	(3,057)	-	-	10	-	-	(3,047)	-
De-recognition - Disposals	(1,035)	-	-	-	-	-	(1,035)	-
De-recognition - Other	-	(960)	-	-	-	-	(960)	-
Assets reclassified	182	-	-	1,359	(316)	-	1,225	-
<b>Balance at 31 March 2025</b>	<b>550,355</b>	<b>25,283</b>	<b>11,745</b>	<b>7,447</b>	<b>22,918</b>	<b>28,594</b>	<b>646,341</b>	<b>78,589</b>

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### Movements in 2024/25

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Heritage Operational Assets £'000	Total Property, Plant and Equipment excl Infrastructure £'000	PPP assets* £'000
<b>Accumulated Depreciation and Impairment:</b>								
At 1 April 2024	240	12,829	-	1	-	-	13,070	1,243
Depreciation charge	29,227	3,202	-	125	-	-	32,554	5,686
Depreciation written out to the Revaluation Reserve	(26,332)	-	-	(125)	-	-	(26,458)	(5,416)
Depreciation written out to the Deficit on Provision of Services	(616)	-	-	-	-	-	(616)	-
De-recognition - Disposals	(23)	-	-	-	-	-	(23)	-
De-recognition - Other	-	(960)	-	-	-	-	(960)	-
<b>Balance at 31 March 2025</b>	<b>2,496</b>	<b>15,072</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>17,568</b>	<b>1,513</b>
<b>Net Book Value as at 31 March 2025</b>	<b>542,347</b>	<b>10,211</b>	<b>11,745</b>	<b>7,446</b>	<b>22,918</b>	<b>28,594</b>	<b>623,261</b>	<b>77,076</b>
<b>Net Book Value as at 31 March 2024</b>	<b>543,384</b>	<b>10,821</b>	<b>11,372</b>	<b>5,614</b>	<b>10,470</b>	<b>27,628</b>	<b>609,288</b>	<b>78,196</b>

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

London Borough of Bexley Statement of Accounts 2024/25

Movements in 2023/24

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

London Borough of Bexley Statement of Accounts 2024/25

Movements in 2023/24

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

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

## 14.2 Movements in Infrastructure

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

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

2023/24 £'000	Movements in 2024/25	2024/25 £'000
152,765	Net Book Value as at 31 March 2024	144,765
6,234	Additions	5,801
(14,234)	Depreciation charge	(13,373)
144,765	Net Book Value as at 31 March 2025	137,193

## 14.3 Net Book Value of Property, Plant & Equipment

31-Mar-24 £'000	Net Book Value as at 31 March	31-Mar-25 £'000
144,765	Infrastructure Assets	137,193
609,288	Other Property, Plant & Equipment	628,773
754,053	Total Property, Plant & Equipment	765,966

## Schools

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

## Depreciation

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

- other land and buildings 0 to 50 years
- infrastructure up to 40 years
- motor vehicles and equipment up to 10 years

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

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

## 14.4 Capital Commitments

### Significant capital expenditure commitments due after the year-end

2023/24 £'000	Expenditure commitment	2024/25 £'000
11,289	Schools Special Educational Needs Funding	1,562
1,344	Erith Regeneration	514
-	Central Townley Library	202
128	Erith Cemetery	-
612	Highways Schemes	132
83	Housing Disabled Facilities Works	371
<b>13,456</b>	<b>Total</b>	<b>2,781</b>

## Revaluations

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

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

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

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

PPE analysis showing those assets held at cost and those at valuation subdivided by the last revaluation date as of 31 March 2025.

### 14.5 Balances by valuation date at 31 March 2025

	Other Land and Buildings £'000	Vehicles, Plant & Equip- ment £'000	Infra- structure Assets £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Construct- ion £'000	Heritage Operat- ional Assets £'000	Total PPE £'000
<b>Carried at historic cost</b>		10,210	137,193	11,745	-	22,918	-	<b>182,066</b>
<b>Values at fair value as at:</b>								
<b>31-Mar-25</b>	541,753				7,446		28,594	<b>577,793</b>
<b>31-Mar-24</b>	-	-	-	-	-	-	-	-
<b>31-Mar-23</b>	1,317	-	-	-	-	-	-	<b>1,317</b>
<b>31-Mar-22</b>	3,478	-	-	-	-	-	-	<b>3,478</b>
<b>31-Mar-21</b>	1,312	-	-	-	-	-	-	<b>1,312</b>
	<b>547,860</b>	<b>10,210</b>	<b>137,193</b>	<b>11,745</b>	<b>7,446</b>	<b>22,918</b>	<b>28,594</b>	<b>765,965</b>

## 14.6 Assets Held For Sale

2023/24		2024/25
£'000		£'000
1,650	<b>Balance at start of year</b>	<b>11,980</b>
-	Additions	42
5,180	Assets newly classified as held for sale - Property, Plant & Equipment	-
7,239	Assets newly classified as held for sale - Investment Property	-
(439)	Revaluation losses	-
(1,650)	Assets sold	(3,493)
-	Assets reclassified	(1,359)
<b>11,980</b>	<b>Balance at end of year</b>	<b>7,170</b>

**Note 15 - Heritage Assets****Reconciliation of the Carrying Value of Heritage Assets held by the Council**

Cost or valuation	Art Collection £'000	Civic Regalia £'000	Monuments £'000	Heritage Land £'000	Heritage Buildings £'000	Total Assets £'000
At 1 April 2024	814	626	486	-	33,075	35,001
Additions	-	-	-	-	131	131
Revaluations	-	-	-	-	1,026	1,026
<b>Balance at 31 March 2025</b>	<b>814</b>	<b>626</b>	<b>486</b>	<b>-</b>	<b>34,232</b>	<b>36,158</b>

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

**Museum Collection**

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

**Historic Buildings**

The Council owns two Grade 1 listed historic buildings, Danson House and Hall Place. These buildings are valued on a replacement cost basis. Due to their specialist nature, the assessment of their replacement cost is undertaken by a specialist consultant on a three yearly cycle, the last assessment being in March 2024. This year an external valuer called BCH carried out a major review assessment.

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

### **Historic Structures and Monuments**

The Council owns two Grade 2 listed clocktowers in Bexley Heath and Crayford. These buildings are valued regularly on a replacement cost basis.

Five Arches Bridge is also owned by the Council, this structure is all that remains of the Foots Cray Estate and has historical significance. It is valued on a replacement cost basis.

### **War Memorials**

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

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

### **Civic Regalia**

The Civic Regalia Collection has been valued for insurance purposes and reported in the Balance Sheet. The Member Services Manager and Scrutiny Lead is responsible for the upkeep of the Council's Civic regalia. Repairs are undertaken on an ad-hoc basis as and when necessary and expenditure incurred would be charged to the Comprehensive Income and Expenditure Statement. The Council's Civic Regalia is displayed at the Civic Offices, 2 Watling Street, Bexleyheath DA6 7AT.

### **Local Studies and Archive Centre**

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

**Note 16 - Investment Properties**

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

**Investment Properties income and expense**

2023/24		2024/25
£'000		£'000
(3,031)	Rental Income from Investment Property	(2,802)
3,000	Net losses from Fair Value adjustments	737
9	Direct Operating Expenses arising from Investment Property	-
<b>(22)</b>	<b>Net (gain)/loss in the Cost of Services in the CIES</b>	<b>(2,064)</b>

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

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

**Movement in the Fair Value of investment properties**

2023/24		2024/25
£'000		£'000
<b>62,781</b>	<b>Balance at start of year 1 April</b>	<b>52,595</b>
53	Additions - Subsequent expenditure	(30)
(3,000)	Net losses from Fair Value Adjustments	(5,137)
(7,239)	Transfers to Assets Held for Sale	134
<b>52,595</b>	<b>Balance at end of year 31 March</b>	<b>47,561</b>

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

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

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

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

## 16.2 - Fair Value Hierarchy of Investment Properties

## IFRS Fair Value Hierarchy Levels 2024/25

	Fair Value £'000	Land £'000	Buildings £'000
1. Quoted prices in active markets for identical assets	-	-	-
2. Inputs other than quoted market prices included within Level 1 that are observable for the asset	47,561	19,284	28,277
3. Unobservable inputs for the asset	-	-	-
<b>Balance at end of year 31 March</b>	<b>47,561</b>	<b>19,284</b>	<b>28,277</b>

## IFRS Fair Value Hierarchy Levels 2023/24

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

**Note 17 - Intangible Assets**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The carrying amount of intangible assets includes both purchased licences and internally generated software and is amortised on a straight-line basis.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years unless it is anticipated to be otherwise.

**Software Intangible Assets**

2023/24 £'000		2024/25 £'000
	<b>Balance at start of year:</b>	
5,228	Gross Carrying Amounts	5,251
(3,553)	Accumulated amortisation	(4,086)
<b>1,675</b>	<b>Net carrying amount at start of year</b>	<b>1,165</b>
22	Purchases	355
(532)	Amortisation for the period	(490)
<b>1,165</b>	<b>Net carrying amount at end of year</b>	<b>1,029</b>
	<b>Comprising:</b>	
5,251	Gross Carrying Amounts	5,605
(4,086)	Accumulated Amortisation	(4,576)
<b>1,165</b>	<b>Total</b>	<b>1,029</b>

## Note 18 - Financial Instruments

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

**Level 1** are those where the Fair Values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. These are reported at amortised cost.

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

**Level 3** unobservable inputs for the asset or liability.

### 18.1 Financial Instruments - Balances

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

#### Financial Assets

31-Mar-24				31-Mar-25		
Long Term	Current	Total	Category of Financial Instrument	Long Term	Current	Total
£'000	£'000	£'000	Financial Assets	£'000	£'000	£'000
9,574	-	9,574	Amortised Cost - Level 2	12,845	-	12,845
-	103	103	Current value through profit and loss - Level 2	-	141	141
10,455	117	10,572	Current value through profit and loss - Level 1	5,239	77	5,315
<b>20,029</b>	<b>221</b>	<b>20,250</b>	<b>Total Investments</b>	<b>18,084</b>	<b>218</b>	<b>18,302</b>
9,053	21,211	30,264	Debtors - Level 1	8,230	30,422	38,652
-	27,700	27,700	Cash and Cash Equivalents - Level 1	-	16,350	16,350
<b>29,082</b>	<b>49,132</b>	<b>78,214</b>	<b>Total Financial Assets</b>	<b>26,314</b>	<b>46,990</b>	<b>73,304</b>

#### Financial Liabilities

31-Mar-24				31-Mar-25		
Long Term	Current	Total	Financial Liabilities	Long Term	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
(220,325)	(3,606)	(223,931)	Amortised Cost - Level 1	(224,323)	(6,740)	(231,063)
(19,887)	(3,354)	(23,241)	PFI and Finance Lease Liabilities - Level 2	(27,413)	(2,399)	(29,812)
(3,083)	(25,023)	(28,106)	Creditors - Level 1	(3,174)	(17,169)	(20,343)
-	(5,734)	(5,734)	Cash and Cash Equivalents Overdrawn - Level 1	-	(2,713)	(2,713)
<b>(243,295)</b>	<b>(37,717)</b>	<b>(281,012)</b>	<b>Total Financial Liabilities</b>	<b>(254,910)</b>	<b>(29,021)</b>	<b>(283,931)</b>

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

### Financial Liabilities

31-Mar-24			31-Mar-25	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
223,931	190,680	Financial Liabilities	230,615	159,554
23,241	30,181	PFI and Finance Lease Liabilities	26,043	26,043
5,734	5,734	Cash and Cash Equivalents Overdrawn	2,713	2,713

The fair value of £160m is measured at the premature repayment rate. For other financial liabilities carried at amortised cost, carrying value are deemed to equate to their fair value.

### Financial Assets

31-Mar-24			31-Mar-25	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
27,700	27,700	Cash and Cash Equivalents (MMF)	16,350	16,350

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

### 18.3 - Categories of Financial Assets and Liabilities

#### Financial Assets

31-Mar-24					31-Mar-25					
Investments		Debtors and Cash			Financial Assets	Investments		Debtors and Cash		Total
Non-Current	Current	Non-Current	Current	Total		Non-Current	Current	Non-Current	Current	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
10,455	221	-	-	10,676	Fair value through profit and loss	5,239	218	-	-	5,457
9,574	-	9,053	48,911	67,538	Amor-tised Cost	12,845	-	8,230	49,118	70,193
<b>20,029</b>	<b>221</b>	<b>9,053</b>	<b>48,911</b>	<b>78,214</b>	<b>Total</b>	<b>18,084</b>	<b>218</b>	<b>8,230</b>	<b>49,118</b>	<b>75,650</b>
					<b>Financial Assets</b>					

#### Financial Liabilities

31-Mar-24					31-Mar-25					
Borrowing		Creditors*			Financial Liabilities	Borrowing		Creditors*		Total
Non-Current	Current	Non-Current	Current	Total		Non-Current	Current	Non-Current	Current	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(220,325)	(3,606)	(22,035)	(34,111)	(280,077)	Amor-tised Cost	(224,323)	(6,740)	(30,587)	(24,627)	(286,276)
<b>(220,325)</b>	<b>(3,606)</b>	<b>(22,035)</b>	<b>(34,111)</b>	<b>(280,077)</b>	<b>Total</b>	<b>(224,323)</b>	<b>(6,740)</b>	<b>(30,587)</b>	<b>(24,627)</b>	<b>(286,276)</b>
					<b>Financial Liabilities</b>					

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

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

**18.4 - Comprehensive Income and Expenditure Statement disclosures**

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

Surplus or Deficit on the Provision of Services 2023/24 £'000	Net gains/losses	Surplus or Deficit on the Provision of Services 2024/25 £'000
938	Financial assets measured at fair value through profit or loss - unrealised (gain)/loss	(87)
<b>938</b>	<b>Total net gains/losses</b>	<b>(87)</b>

The in-year unrealised loss (£0.087m) resulted from the revaluation of the property pooled funds. The revenue impact of unrealised gains/losses is transferred out of the Comprehensive Income and Expenditure Statement and held in the Pooled Investment Fund Adjustment Account, in accordance with the IFRS9 statutory override.

2023/24 £'000	Interest revenue	2024/25 £'000
(2,967)	financial assets measured at amortised cost	(3,347)
(574)	other financial assets measured at fair value through other comprehensive income	-
<b>(3,541)</b>	<b>Total</b>	<b>(3,347)</b>

## 18.5 Nature and extent of risks arising from Financial Instruments

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

The main risks covered are:

**Credit Risk** - the possibility that other parties might fail to pay amounts due to the Council

**Liquidity Risk** - the possibility that the Council might not have funds available to meet its commitments to make payments

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

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

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework as described within the Local Government Act 2003 and the associated 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 that yield a variable or a fixed rate of interest. This provides an element of diversification in the Council's investment portfolio and reduces the impact of changes in interest rates on the Council's interest earnings

Short-term core cash was invested for periods of up to one year. No new long term investments were made during the year. The remaining investments met the Council's approved lending criteria as laid out in its Treasury Management Strategy. The portfolio consists of longer-term investments in pooled property funds. The pooled investment vehicles (which do not have credit ratings) are part of the Council's longer-term investment strategy with the potential to earn higher returns than in fixed-term deposits. Fluctuations in the net asset value are expected over the life of these investments but the impact of the IFRS 9 Statutory override in 2020/21 means that they did not affect revenue. Current changes in capital value are not material and changing trends are currently being monitored by Bexley treasury management staff in consultation with the Council's financial advisors, Link Asset Services.

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

**Maximum exposure to credit risk on loans**

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£'000</b>		<b>£'000</b>
3,188	Opening Balance	2,983
-	+ New loans granted	4,275
(205)	- Loans repaid	-
<b>2,983</b>	<b>Nominal value of loans</b>	<b>7,258</b>

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

## Liquidity Risk

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

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

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

31-Mar-24	Loans outstanding	31-Mar-25
£'000		£'000
223,346	PWLB	230,615
223,346	Total	230,615

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

31-Mar-24	Maturity Profile	31-Mar-25
£'000		£'000
2,731	Less than 1 year	6,031
4,031	Maturing between 1 and 2 years	3,016
11,016	Maturing between 2 and 5 years	21,000
23,768	Maturing between 5 and 10 years	19,268
15,000	Maturing between 10 and 15 years	14,500
9,000	Maturing between 20 and 25 years	12,000
30,300	Maturing between 25 and 30 years	35,800
40,500	Maturing between 30 and 35 years	42,500
44,500	Maturing between 35 and 40 years	42,500
34,000	Maturing between 40 and 45 years	34,000
8,500	Maturing over 45 years	-
<b>223,346</b>	<b>Total</b>	<b>230,615</b>

**Market Risk**

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

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

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

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

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

**Market risk**

31-Mar-24		31-Mar-25
£'000		£'000
(17,908)	Decrease in fair value of fixed-rate borrowings liabilities	(31,126)

**Foreign exchange risk**

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

**Note 19 - Inventories**

2023/24		2024/25
£'000		£'000
3,544	Balance outstanding at start of year	3,814
757	Purchases	768
(487)	Recognised as expense in year	(601)
<b>3,814</b>	<b>Balance outstanding at year end</b>	<b>3,981</b>

**Note 20 - Debtors****20.1 Short Term Debtors**

31-Mar-24		31-Mar-25
£'000		£'000
51,237	Trade receivables	57,959
5,873	Prepayments	5,425
6,740	Other receivable amounts	13,650
<b>63,850</b>	<b>Total Short Term Debtors</b>	<b>77,035</b>

The total short term debtors is shown net of impairment loss provision of £31.867m (2023/24 £33.491m).

**20.2 Long Term Debtors**

31-Mar-24		31-Mar-25
£'000		£'000
2,738	BexleyCo	2,533
2,959	Finance Leases	2,915
933	Long Term Prepayments	759
456	Mortgages	450
110	Schools PFI Prepayment	-
450	Thames Innovation Centre	450
1,352	Waste Fleet Debtor	1,066
55	Other Long-Term Debtors	57
<b>9,053</b>	<b>Total Long Term Debtors</b>	<b>8,230</b>

**Note 21 - Cash and Cash Equivalents**

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

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

The Council holds a total of £4.843m under appointeeship or deputyship accounts.

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

31-Mar-24		31-Mar-25
£'000		£'000
(5,734)	Bank Current Accounts	(2,713)
27,700	Short term deposits with Building Societies	16,350
<b>21,966</b>	<b>Total Cash and Cash Equivalents</b>	<b>13,637</b>

**Note 22 - Short Term Creditors**

31-Mar-24		31-Mar-25
£'000		£'000
(24,457)	Trade Payables	(16,809)
(23,816)	Other Payables	(34,520)
<b>(48,273)</b>	<b>Total Short Term Creditors</b>	<b>(51,239)</b>

**Note 23 - Provisions**

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

**Non-Current Provisions**

	Insurance	Business Rate Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	1,655	-	-	1,655
Increase/(decrease) in provision	(509)	-	-	(509)
Utilised during year	(41)	-	-	(41)
<b>Balance at 31 March 2025</b>	<b>1,104</b>	<b>-</b>	<b>-</b>	<b>1,104</b>

**Current Provisions**

	Insurance	Business Rate Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	637	2,898	121	3,656
Increase in provision	290	1,091	641	2,022
Utilised during year	(461)	(1,142)	-	(1,603)
<b>Closing Balance at 31 March 2025</b>	<b>466</b>	<b>2,847</b>	<b>762</b>	<b>4,075</b>

## Insurance Provision

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

### Areas of risk

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

### Business Rates Appeals

Bexley, as a billing authority, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. This will include amounts relating to non-domestic rates charged to businesses in 2024/25 and earlier financial years. Assets and liabilities relating to business rates are shared between the Government, Bexley and the Greater London Authority. The provision shown above is the Council's share of the total amount.

**Note 24 - Usable Reserves**

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

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

2023/24 £'000		Note	2024/25 £'000
(14,360)	General Fund	10	(14,360)
(46,811)	Earmarked Reserves	10	(48,305)
(1,044)	Capital Receipts Reserve		(5,122)
(24,169)	Capital Grants Unapplied		(16,114)
<b>(86,384)</b>	<b>Total Usable Reserves</b>		<b>(83,901)</b>

**Note 24a - Usable Capital Receipts Reserve**

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

2023/24		2024/25
£'000		£'000
(498)	<b>Balance 1 April</b>	(1,044)
(887)	Transfer from Deferred Capital Receipts	(874)
(1,029)	Sale of other land and building	(7,111)
<b>(1,916)</b>	<b>Total Receipts In Year</b>	<b>(9,029)</b>
-	Capital receipts used for revenue financing	738
1,370	Capital receipts used for capital financing	3,169
<b>(1,044)</b>	<b>Balance 31 March</b>	<b>(5,122)</b>

**Note 24b - Capital Grants Unapplied**

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

2023/24		2024/25
£'000		£'000
(9,006)	<b>Balance 1 April</b>	(24,169)
(23,324)	Add grants and contributions received	(11,295)
8,161	Less grants and contributions applied	19,350
<b>(24,169)</b>	<b>Balance 31 March</b>	<b>(16,114)</b>

**Note 25 - Unusable Reserves**

31-Mar-24 £'000		Note	31-Mar-25 £'000
(413,512)	Revaluation Reserve	25.1	(414,099)
(183,606)	Capital Adjustment Account	25.2	(167,693)
1,120	Financial Instruments Adjustment Account	25.3	1,085
(5,087)	Deferred Capital Receipts Reserve	25.4	(4,193)
6,090	Pension Reserve	25.5	5,347
2,868	Collection Fund Adjustment Account	25.6	1,550
2,170	Accumulated Absences Account	25.7	2,604
16,335	Dedicated Schools Grant Adjustment Account	25.8	16,335
2,550	Pooled Investment Fund Adjustment Account	25.9	2,463
<b>(571,072)</b>	<b>Total</b>		<b>(556,601)</b>

## 25.1 Revaluation Reserve

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

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

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

2023/24 £'000	Revaluation Reserve	2024/25 £'000
(424,796)	<b>Balance at 1 April</b>	<b>(413,512)</b>
(8,878)	Upward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(20,736)
16,987	Difference between fair value depreciation and historical cost depreciation	19,360
3,175	Accumulated gains on assets sold or scrapped	789
<b>(413,512)</b>	<b>Balance at 31 March</b>	<b>(414,099)</b>

## 25.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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2023/24 £'000	Capital Adjustment Account	2024/25 £'000
(219,584)	<b>Balance at 1 April</b>	<b>(183,606)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	-
42,151	Charges for depreciation of non-current assets	45,928
3,040	Revaluation (gains)/losses on non-current assets	2,431
532	Amortisation of intangible assets	490
(339)	Deferred income written down	(339)
5,652	Revenue expenditure funded from capital under statute	6,040
22,961	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	4,506
<b>73,997</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>59,056</b>
(20,163)	Adjusting Amounts written out of the Revaluation Reserve	(20,149)
<b>53,834</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>38,907</b>
	Capital financing applied in the year:	
(1,370)	Use of Capital Receipts Reserve to finance new capital expenditure	(3,169)
(5,940)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,771)
(2,221)	Application of grants to capital financing from the Capital Grants Unapplied Account	(12,579)
(9,442)	Provision for the financing of capital investment charged against the General Fund	(3,767)
(1,883)	Capital expenditure charged against the General Fund	(1,846)
<b>(20,856)</b>	<b>Capital financing applied in year</b>	<b>(28,132)</b>
3,000	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	5,137
<b>(183,606)</b>	<b>Balance at 31 March</b>	<b>(167,694)</b>

## 25.3 Financial Instrument Adjustment Account

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

### Premiums and Discounts

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

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

### Soft Loans

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

### Stepped Interest Loans

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

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

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

The transactions reflected in the FIAA are as follows:

2023/24 £'000	Financial Instrument Adjustment Account	2024/25 £'000
1,155	<b>Balance at 1 April</b>	1,120
(35)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(35)
1,120	<b>Balance at 31 March</b>	1,085

## 25.4 Deferred Capital Receipts Reserve

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

2023/24 £'000	Deferred Capital Receipts Reserve	2024/25 £'000
(5,992)	<b>Balance at 1 April</b>	(5,087)
887	Transfer to the Capital Receipt Reserve	874
18	Write down of finance Lease Long Term Debtor	20
(5,087)	<b>Balance at 31 March</b>	(4,193)

## 25.5 Pension Reserve

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

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2023/24	Pension Reserve	2024/25
£'000		£'000
(57,484)	<b>Balance at 1 April</b>	<b>6,090</b>
64,417	Actuarial gains on pensions assets and liabilities	(1,531)
7,583	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	11,257
(8,426)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,469)
<b>6,090</b>	<b>Balance at 31 March</b>	<b>5,347</b>

## 25.6 Collection Fund Adjustment Account

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

2023/24 £'000	Collection Fund Adjustment Account	2024/25 £'000
(1,903)	<b>Balance at 1 April</b>	<b>2,868</b>
4,771	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	(1,319)
<b>2,868</b>	<b>Balance at 31 March</b>	<b>1,549</b>

## 25.7 Accumulated Absences Account

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

2023/24 £'000	Accumulated Absences Account	2024/25 £'000
2,278	<b>Balance at 1 April</b>	<b>2,170</b>
(2,278)	Settlement or cancellation of accrual made at the end of the preceding year	(2,170)
2,170	Amounts accrued at the end of the current year	2,604
<b>2,170</b>	<b>Balance at 31 March</b>	<b>2,604</b>

## 25.8 DSG Adjustment Account

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

2023/24 £'000	DSG Adjustment Account	2024/25 £'000
16,335	<b>Balance at 1 April</b>	<b>16,335</b>
-	Amount by which school budgets have increased the deficit	-
<b>16,335</b>	<b>Balance at 31 March</b>	<b>16,335</b>

**25.9 Pooled Investment Fund Adjustment Account**

2023/24	Pooled Investment Fund Adjustment Account	2024/25
£'000		£'000
1,612	<b>Balance at 1 April</b>	2,550
938	Reversal of amounts credited to Comprehensive Income and Expenditure account with respect to fair value of investments	(87)
<b>2,550</b>	<b>Balance at 31 March</b>	<b>2,463</b>

**Note 26 - Cash Flow Statement - Operating Activities**

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

The adjustments for non-cash movements are as follows:

2023/24		2024/25
£'000		£'000
42,151	Depreciation	45,928
3,040	Impairment and downward valuations	2,431
532	Amortisation	490
(13,797)	Increase / (Decrease) in creditors	2,338
(243)	Increase in debtors	(8,679)
(270)	Increase in inventories	(167)
(843)	Movement in pension liability	788
22,961	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,506
3,000	Movement in fair value of investment properties	5,137
1,602	Other non-cash items charged to the net surplus or deficit on the provision of services	44
<b>58,133</b>	<b>Totals</b>	<b>52,816</b>

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

2023/24		2024/25
£'000		£'000
(1,029)	Proceeds from Sale of PPE, Investment Property and Intangibles	(7,111)
(23,324)	Any other items for which cash effects are investing or financing cash flows	(11,267)
<b>(24,353)</b>	<b>Totals</b>	<b>(18,378)</b>

**Note 27 - Cash Flow Statement - Investing Activities**

2023/24 £'000		2024/25 £'000
(15,395)	Purchase of Property Plant and Equipment, Investment Property and Intangible assets	(25,039)
-	Purchase of short-term and long-term investments	(3,271)
-	Other payments for investing activities	(4,354)
1,915	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,985
-	Proceeds from short-term and long-term investments	5,303
23,958	Other receipts from investing activities	16,273
<b>10,478</b>	<b>Net cash flows from investing activities</b>	<b>(3,104)</b>

**Note 28 - Cash Flow Statement - Financing Activities**

2023/24		2024/25
£'000		£'000
(2,832)	Cash receipts of short- and long-term borrowing	20,029
-	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(955)
(31)	Repayments of short- and long-term borrowing	(12,731)
(8,317)	Other payments for financing activities	(6,786)
<b>(11,180)</b>	<b>Net cash flows from financing activities</b>	<b>(443)</b>

**Note 29 - Pooled Budgets**

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

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

**Better Care Fund**

2023/24		2024/25
£'000		£'000
3,224	Disabled Facilities Grant	2,572
6,616	Improved Better Care Fund	6,616
23,956	LB Bexley additional contribution	23,660
19,500	NHS Bexley CCG minimum contribution	20,604
29,061	NHS Bexley CCG additional contribution	28,409
<b>82,357</b>	<b>Gross Income</b>	<b>81,861</b>
7,945	Balance brought forward 1 April	1,394
<b>90,302</b>	<b>Total Resource available</b>	<b>83,255</b>
3,224	Disabled Facilities Grant	3,234
6,616	Improved Better Care Fund	6,616
23,956	LB Bexley additional contribution	23,660
19,500	NHS Bexley CCG minimum contribution	20,604
29,061	NHS Bexley CCG additional contribution	28,409
<b>82,357</b>	<b>Gross Expenditure</b>	<b>82,523</b>
6,551	ICB Net Spend:	(2,167)
<b>1,394</b>	<b>Unused Improved Better Care Fund carried forward 31 March</b>	<b>3,561</b>

**Note 30 - Members' Allowances**

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

2023/24		2024/25
£'000		£'000
713	Allowances	723
713	Totals	723

**Note 31 - External Audit Costs**

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services, provided by the Council's External Auditors Ernst and Young LLP.

2023/24 £'000		2024/25 £'000
368	Fees payable to Ernst and Young with regard to Audit Services	397
48	Fees payable to external auditors for the certification of grant claims and returns during the year	48
25	Additional fees for Audit Services in 2021/22 above the amount previously reported	-
17	Additional fees for the certification of grant claims & returns above the amounts previously reported	-
<b>458</b>	<b>Totals</b>	<b>445</b>

**Note 32 - Officers' Remuneration**

**Note 32.1 Senior Officers' Remuneration**

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

**The remuneration paid to the Council's Senior Employees in 2024/25**

Post Holder information	Year	Salary, fees & allowances	Election Expenses	Total Remuneration excluding Pension Contributions	Pension Contributions	Totals
		£	£	£	£	£
Chief Executive - Paul Thorogood	2024/25	206,374	11,263	217,637	30,861	248,498
Director of Adult Social Care & Health - Yolanda Dennehy	2024/25	166,326	-	166,326	25,115	191,441
Director of Children's Services - Stephen Kitchman	2024/25	192,776	-	192,776	29,109	221,885
Director of Place - Matthew Norwell	2024/25	180,553	1,563	182,116	27,263	209,379
Director of Public Health - Nicole Klynman	2024/25	134,008	-	134,008	20,235	154,243
Interim Director of Finance and Corporate Services to 16/02/2025 - Caroline Holland	2024/25	189,415	1,569	190,984	-	190,084
Financial Consultant from 17/02/2025 - Caroline Holland	2024/25	32,060	-	32,060	-	32,060
Director of Finance and Corporate Services from 17/02/2025 - Ross Brown	2024/25	21,989	-	21,989	3,320	25,309
Deputy Director of Legal and Democratic Services (Monitoring Officer) - Patricia Narebor	2024/25	134,736	2,550	137,286	20,345	157,631
Interim Head of Risk and Assurance - Kate Brunning	2024/25	173,272	-	173,272	-	173,272
Head of Communications and Marketing	2024/25	67,670	1,369	69,039	10,218	79,257
Head of Strategy & Performance	2024/25	60,550	1,369	61,919	9,143	71,062
<b>TOTALS</b>	<b>2024/25</b>	<b>1,559,728</b>	<b>19,683</b>	<b>1,579,411</b>	<b>175,610</b>	<b>1,755,021</b>

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

Post Holder information	Year	Salary, fees & allowances	Election Expenses	Total Remuneration excluding Pension Contributions	Pension Contributions	Totals
Interim Chief Executive - Paul Thorogood from 23/10/2023	2023/24	89,324	-	89,324	13,355	102,679
Chief Executive - Jackie Belton to 22/10/2023	2023/24	117,556	-	117,556	17,582	135,138
Director of Adult Social Care & Health - Yolanda Dennehy from 17/03/2024	2023/24	6,102	-	6,102	921	7,023
Director of Adult Social Care & Health - Stuart Rowbotham to 16/03/2024	2023/24	188,512	-	188,512	28,465	216,977
Director of Children's Services - Stephen Kitchman	2023/24	184,537	-	184,537	27,865	212,402
Director of Place - Matthew Norwell	2023/24	166,645	-	166,645	25,163	191,808
Director of Public Health	2023/24	130,313	-	130,313	19,677	149,990
Interim Director of Finance and Corporate Services - Caroline Holland from 09/11/2023	2023/24	70,875	-	70,875	-	70,875
Director of Finance and Corporate Services - Paul Thorogood to 22/10/2023	2023/24	96,150	-	96,150	14,519	110,669
Deputy Director of Legal and Democratic Services (Monitoring Officer)	2023/24	108,940	-	108,940	16,450	125,390
Interim Head of Risk and Assurance from 19/12/2023	2023/24	40,915	-	40,915	-	40,915
Head of Communications and Marketing from 23/10/2023	2023/24	26,927	-	26,927	4,066	30,993
Head of Strategy, Performance & Complaints from 23/10/2023	2023/24	25,505	-	25,505	3,851	29,356
Strategic Finance Transformation Project Manager/Business Partner -Adults	2023/24	153,373	-	153,373	-	153,373
<b>TOTALS</b>		<b>1,405,674</b>	<b>-</b>	<b>1,405,674</b>	<b>171,914</b>	<b>1,577,588</b>

**Note 32.2 Remuneration Bands**

The number of Council employees (including teachers) whose remuneration was £50,000 or more in bands of £5,000 is shown below, split between schools and other staff. Remuneration includes all taxable sums paid to or received by an employee. Payments include salary (including performance-related pay), redundancy, expenses and other benefits received other than in cash (e.g. leased car benefit), excluding pension contributions. The figures also exclude voluntary aided schools whose staff are not employed by the London Borough of Bexley. All Senior Officers whose remuneration is disclosed in Note 32.1 have been excluded from the table below.

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

Remuneration Band	2023/24		2024/25	
	Number of Employees		Number of Employees	
	Number of Non-Teaching Employees	Number of Teaching Employees	Number of Non-Teaching Employees	Number of Teaching Employees
£50,000 - £54,999	100	31	89	35
£55,000 - £59,999	61	12	88	29
£60,000 - £64,999	44	12	53	10
£65,000 - £69,999	26	4	27	9
£70,000 - £74,999	16	3	18	6
£75,000 - £79,999	10	4	19	5
£80,000 - £84,999	4	6	8	3
£85,000 - £89,999	3	1	3	3
£90,000 - £94,999	2	1	2	2
£95,000 - £99,999	2	2	2	1
£100,000 - £104,999	1	-	2	1
£105,000 - £109,999	1	-	-	-
£110,000 - £114,999	-	-	2	1
£115,000 - £119,999	2	-	2	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	1	-	2	-
Over £130,000	1	-	-	-
<b>Totals</b>	<b>274</b>	<b>76</b>	<b>317</b>	<b>105</b>

Two people whose remuneration would have otherwise been below £50,000 are included in the £65,000 - £69,999 and £55,000 - £59,000 teaching bands because of a redundancy payment.

### Note 32.3 Exit Packages

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

#### Exit package cost band (including special payments)

	Number of Compulsory		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £	2024/25 £
£0 - £20,000	4	1	3	3	7	4	51,389	27,897
£20,001 - £40,000	-	-	-	1	-	1	-	21,235
<b>Totals</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>51,389</b>	<b>49,132</b>

### Note 33 - Dedicated Schools Grant

The Council's expenditure on Schools is funded primarily by the Dedicated Schools Grant (DSG). The DSG allocation is calculated on a pupils based formulae. An element of DSG is recouped by the department to fund academy schools in the area. The Central element of the Schools Budget covers local authority expenditure on high needs, early years, pupil-related revenue costs arising from schools expansion and certain specified central services. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. Details outlining the deployment of DSG received for 2023/24 and 2024/25 are as follows:

#### Expenditure on Schools

2023/24			2024/25			
Central Expenditure £'000	Individual Schools Budget £'000	Total £'000	Deployment of Dedicated Schools Grant	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
-	-	(286,853)	Final DSG before Academy and high needs recoupment	-	-	(311,945)
-	-	188,353	Final Academy figure recouped	-	-	196,257
-	-	9,835	Final High Needs Recoupment	-	-	10,511
-	-	<b>(88,665)</b>	<b>Total DSG after Academy &amp; High Needs recoupment</b>	-	-	<b>(105,177)</b>
(42,877)	(45,788)	(88,665)	Agreed initial budgeted distribution	(56,043)	(61,028)	(117,071)
(2,899)	-	(2,899)	In year adjustments	(1,630)	224	(1,406)
<b>(45,776)</b>	<b>(45,788)</b>	<b>(91,564)</b>	<b>Final budgeted distribution of DSG Funds</b>	<b>(57,673)</b>	<b>(60,804)</b>	<b>(118,477)</b>
44,957	-	44,957	Less: Actual Central Expenditure	53,933	-	53,933
-	45,788	45,788	Less: Actual ISB deployed to schools	-	60,804	60,804
(200)	-	(200)	Plus: Local authority contribution for 2024/25	(200)	-	(200)
<b>(1,019)</b>	-	<b>(1,019)</b>	<b>In Year Carry-forward to 2025/26</b>	<b>(3,940)</b>	-	<b>(3,940)</b>
-	-	(10,875)	Plus: Carry-forward to next year agreed in advance	-	-	-
-	-	<b>(11,894)</b>	<b>Carry-forward to next year</b>	-	-	<b>(3,940)</b>
-	-	16,335	DSG unusable reserve b/f from end of previous year	-	-	16,335

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-	-	-	Addition to DSG unusable reserve at the end of the year	-	-	-
-	-	16,335	<b>Total of DSG unusable reserve at 31 March</b>	-	-	16,335
		4,441	<b>Net DSG position at the end of the year</b>	-	-	12,396

Bexley has entered into an agreement with the Department for Education under the Safety Valve Programme aimed at eliminating the deficit on the Dedicated Schools Grant which has arisen in recent years due to cost pressures within the High Needs budget. The agreement sets out a six year plan for how Bexley will mitigate cost pressures to arrive at an in-year balance on the budget by 2027/28 and to eliminate the accumulated deficit by March 2029. As part of the agreement the Department for Education has agreed additional Dedicated Schools Grant funding and an initial instalment of £11.960m was received in March 2023 with further instalments totalling £3.490m during 2023/24 and £1.630m during 2024/25.

As at 31 March 2024 Bexley had accumulated a deficit of £4.441m, represented by a deficit of £16.335m in the DSG unusable reserve and a surplus in the DSG earmarked reserve of £11.894m. In 2024/25, Bexley had an in-year deficit of £8.550m. A carry forward of £3.344m to 2025/26 has been agreed in advance. The net accumulated position on the Dedicated Schools Grant therefore stands at a deficit of £12.991m as at 31 March 2025.

## Note 34 - Other Long Term Liabilities

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

31-Mar-24 £'000	Liabilities	31-Mar-25 £'000
(18,441)	PFI/PPP contracts	(22,499)
(1,445)	Finance leases	(4,914)
(3,519)	Other	(3,630)
<b>(23,405)</b>	<b>Total</b>	<b>(31,043)</b>

## Note 35 - Related Parties

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

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

Related party transactions that need to be disclosed are those where a Council Member or senior officer has control over one party to the transaction and significant influence over the other. For Bexley, the only Council Members who would have control over one party to a transaction would be the Members of the Cabinet. This also applies to senior officers. The transactions in the table below have been identified for 2024/25. In addition, there are separate disclosures elsewhere within the accounts for senior officer remuneration and members' allowances.

Some of the appointments listed below continued throughout 2024/25. 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

- Councillor Andrew Curtois is a Director of the Engine House
- Councillor Brian Bishop is a director of North Kent Masonic Hall Limited
- Councillor Cafer Munur is a Director of Bexleyheath Business Partnership Ltd and has a close family member who is a Director of Just Therapy Ltd
- Councillor Cameron Smith is a Director of Greater Digital Ltd
- Councillor Cheryl Bacon is the Director of the Engine House
- Councillor David Leaf is the Vice-Chair of the London Councils Grants Committee, a Local Government Association Resources Board member, the Chairman of the Eltham Crematorium Committee and a Member of the National Joint Council for Local Government Services on the employers' side
- Councillor Geraldene Lucia- Hennis is Director of Dartford and Crayford Creek Restoration Trust
- Councillor James Hunt is a shareholder of The Exchange, Erith, Chairman of the 1st North Cray Scout Trustee Board, Chairman of CASPA Trustee & CIO Board and also Trustee of the Irish Community Services.

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- Councillor John Davey is Chairman of the Bexley Arts Trust and a Board Member of the Engine House
- Councillor Patrick Adams is a Director of the Engine House and a Director of Sound Core Ltd
- Councillor Peter Craske is and Executive Member of the London Councils Transport and Environment Committee
- Councillor Rags Sandhu is a Trustee of Dartford Lions Club
- Councillor Richard Diment is a Director of Eltham Crematorium Joint Committee
- Councillor Sally Hinkley is a Director of the Belvedere Community Centre and Trustee & Treasurer of St Augustines pre-school
- Councillor Steven Hall is the representative on the London Councils Greater London Employment Forum
- Councillor Sue Gower has a close family member who is the Chief Executive Officer of Crossroads Care SE London
- Councillor Sue Gower has a close family member who is the Chief Executive Officer of Crossroads Care SE London
- Councillor Nigel Betts is a Director of the Welling Community Centre Trust and the Trustee of John Payne Charity and Forsters' Foundation
- Councillor Janice Ward-Wilson is a Director of QSI Ltd

### Council Officers

Officer Paul Thorogood is a Board Member for the London South East Colleges

Officer Matthew Norwell is Trustee of The Marlow Trust and a board member of BexleyCo Ltd

Officer Patricia Narebor is a Director of LLG Enterprises Ltd

### Transactions identified for 2024/25

Organisation	Equity £'000	Loan £'000	Expenditure £'000	Income £'000	Debtor £'000	Creditor £'000
Bexley Arts Trust		-	-	2	1	-
BexleyCo Ltd	12,641	7,218	-	186	89	113
Bexleyheath Business Partnerships Ltd		-	307	64	-	-
Crossroads Care SE London		-	147	-	-	-
Eltham Crematorium		-	-	192	-	-
Friends of Lesnes Abbey - Friends Art Group		-	-	1	-	-
Irish Community Services		-	61	-	-	-
Just Therapy		-	-	1	-	-
London South East Colleges		-	1,286	12	16	33
St Augustines Pre School		-	203	13	0	-
The Engine House Bexley Ltd		-	-	108	1	-
The Exchange Erith			155	-	-	-
	<b>12,641</b>	<b>7,218</b>	<b>2,159</b>	<b>579</b>	<b>107</b>	<b>146</b>

Creditors relating to BexleyCo Ltd were £113,000 at 31 March 2025. The BexleyCo Ltd equity of £12.641m shown above is held in Long Term Investments on the Balance Sheet. The BexleyCo Ltd loan balance of £7.218m shown above includes £0.205m of shareholder loans which are held in Long Term Investments in the Balance Sheet. The remaining outstanding loans are held as Long Term Debtors (£2.533m) and Short Term Debtors (£4.480m).

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

The Engine House is a not-for-profit local Council controlled company that commenced trading at the end of 2006. The London Borough of Bexley has made a loan to TIC of £0.450m as of 31 March 2018 under a loan agreement dated 14 March 2007. No interest was charged within the initial ten year period from the date of the agreement.

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

Furniture and equipment valued at £0.432m were transferred from the Council to TIC on 29 March 2007. These assets will revert back to the Council at the end of the service level agreement on 31 March 2027. There is a further loan agreement dated 10 February 2010 between the London Borough of Bexley and TIC, providing up to £60,000 for TIC to undertake internal works to convert two existing offices into six smaller offices. Interest is charged at 0.5% above the Public Works Loan Board 10 year annuity rate.

As of 31 March 2025, the amount outstanding on the loan facilities was £0.450m plus accrued interest of £0.141m.

### **BexleyCo Limited**

BexleyCo Limited is a development and regeneration company that was incorporated by the Council in June 2017. It is a company limited by shares with the Council as the sole shareholder.

As per the business plan the Company is focusing on the residential development of ten sites on a build-for-sale basis which is expected to deliver 492 properties, including affordable homes for social rent and shared ownership.

As of the 31 March 2025, the Council had made loans to Bexley Co of £2.533m for development at Sargasso House, £4.275m for development at West Street and £0.404m for development at Sedgemere Road.

The audited accounts for BexleyCo as of 31 March 2025, showed a net loss of £0.262m (net loss of £0.282m 2023/24) and a net assets balance of £12.478m (£9.469m in 2023/24).

**Central Government**

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

**London Borough of Bexley Pension Fund**

The Council recharged £0.334m to the Pension Fund in 2024/25 (£0.284m in 2023/24) for administration costs. The Director of Finance & Corporate Services for the London Borough of Bexley allocates 2.5% of their time to the Pension Fund. During the year, no Council Members or designated officers have undertaken any declarable transactions with the Pension Fund. There are 11 Council members who sit as members of the Pensions Committee.

## Note 36 - Capital Expenditure and Capital Financing

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

2023/24 £'000		2024/25 £'000
274,898	<b>Opening Capital Financing Requirement</b>	273,743
-	IFRS 16 lease adjustments recognised	14,054
274,898	<b>Opening Capital Financing Requirement post IFRS 16 adjustment</b>	287,797
	<b>Capital Investment:</b>	
13,910	Property, Plant and Equipment	26,294
64	Heritage Assets	131
53	Investment Properties	(30)
22	Intangible Assets	355
-	Assets Held for Sale	42
5,652	Revenue Expenditure Funded from Capital Under Statute	6,040
-	Investment in Subsidiaries - Loans	4,275
-	Investment in Subsidiaries - Equities	3,271
19,701	<b>Total Capital Investment</b>	40,378
	<b>Sources of Finance:</b>	
(1,370)	Capital Receipts	(3,169)
(8,070)	Government Grants and other contributions	(19,353)
(91)	Developers' Contributions	-
(1,883)	Sums set aside from revenue - Reserves and Revenue Budgets	(1,846)
	<b>Loan Repayments:</b>	
-	Bexley Co Loan Repayment	-
(11,414)	<b>Total sources of finance</b>	(24,368)
-	IFRS 16 lease adjustments recognised	14,054
8,287	Increase in underlying need to borrow	16,010
-	Assets acquired under Finance Leases	-
-	Lothbury Property Trust	-
(9,442)	MRP	(3,767)
(1,155)	<b>Increase/(Decrease) in Capital Financing Requirement</b>	26,297
273,743	<b>Closing Capital Financing Requirement</b>	300,040

**Note 37 - Leases****Council as Lessor****Finance Leases**

The Council has leased out four properties, Welling United Football Club ground, Erith Shopping Centre, Bexleyheath Bowling Centre and Whitehall Lane.

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

**Minimum Lease Payments - including interest**

2023/24 £'000	Finance Lease Receivable	2024/25 £'000
20	Current	22
2,826	Non-Current	2,804
10,713	Interest	10,452
<b>13,559</b>	<b>Total</b>	<b>13,278</b>

**Gross Investment in Lease**

2023/24 £'000	Number of years	2024/25 £'000
281	Not later than one year	281
1,126	Later than one year and not later than five years	1,126
12,152	Later than five years	11,871
<b>13,559</b>	<b>Total</b>	<b>13,278</b>

**Minimum Lease Payments - excluding interest (by period due)**

2023/24 £'000	Number of years	2024/25 £'000
20	Not later than one year	22
103	Later than one year and not later than five years	114
2,723	Later than five years	2,690
<b>2,846</b>	<b>Total</b>	<b>2,826</b>

**Council as Lessee**

**Finance Leases**

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

The below 2024/25 figures include lease liabilities accounted for under IFRS 16 implemented this financial year.

**Minimum Lease Payments - including interest**

2023/24 £'000	Finance Lease Payable	2024/25 £'000
938	Current	1,818
1,445	Non-Current	4,914
200	Finance costs payable in future years	395
<b>2,583</b>	<b>Total</b>	<b>7,127</b>

**Minimum Lease Payments - including interest (by period due)**

2023/24 £'000	Number of years	2024/25 £'000
1,010	Not later than one year	1,927
1,306	Later than one year and not later than five years	5,180
267	Later than five years	20
<b>2,583</b>	<b>Total</b>	<b>7,127</b>

**Finance Lease Liabilities**

2023/24 £'000	Number of years	2024/25 £'000
938	Not later than one year	1,819
1,187	Later than one year and not later than five years	4,894
260	Later than five years	20
<b>2,385</b>	<b>Total</b>	<b>6,733</b>

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Assets included in Property Plant and Equipment

2023/24		2024/25
£'000		£'000
8,592	Gross Cost pre IFRS 16 Adjustment	8,592
-	IFRS 16 Adjustment	7,766
<b>8,592</b>	<b>Gross Cost post IFRS 16 Adjustment</b>	<b>16,358</b>
(6,207)	Accumulated Depreciation	(9,624)
<b>2,385</b>	<b>Total</b>	<b>6,733</b>

**Note 38 - Private Finance Initiatives and Similar Contracts**

The Council has contracted with Investors in the Community (IIC) for the redevelopment and facilities management of Welling and Bexleyheath academies to provide education services for Bexley pupils. Annual payments commenced during 2005/06 for 25 years and are currently £7.200m, of which 55% will increase annually in line with RPIX and 45% is fixed. They can also vary as a result of performance and availability deductions, benchmarking, certain changes in law and contract variations initiated by the Council. Renewal and termination options and other rights and obligations are available to the Council under the terms of the agreement. The costs are being met from the annual PFI grant provided by the government of £3.056m together with academy contributions and other school budgets approved by the Council.

The Council has also contracted with Boxwood 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 £2.942m, which are inflated by 3% each year. These payments commenced during 2005/06 and are payable over 30 years. They can vary as a result of performance and availability deductions, certain changes in law and contract variations initiated by the Council. In addition, the operational services are benchmarked every five years and at a future benchmarking date (2020 or later) may be market-tested. At July 2010 benchmarking, it was agreed no change would be made to the unitary charge and in July 2015 a unitary charge reduction of £0.300m per annum was agreed. In 2017 (an early benchmarking for 2020) a profit share income of £0.980m from Boxwood Leisure was agreed (uplifted by 3% each year). 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. The 2024/25 opening balance has been adjusted to reflect the implementation of accounting standard IFRS 16 in this financial year's accounts.

**Net Book Value**

2023/24 £'000	PPP - Leisure Centres	2024/25 £'000
82,114	Net book value at 1 April pre IFRS 16 adjustment	78,196
-	IFRS 16 adjustment	6,289
<b>82,114</b>	<b>Net book value at 1 April post IFRS 16 adjustment</b>	<b>84,485</b>
320	Additions	593
(5,107)	Depreciation and impairment	(5,686)
868	Revaluation	(2,316)
<b>78,196</b>	<b>Net Book Value at 31 March</b>	<b>77,076</b>

### Note 38 - Private Finance Initiatives and Similar Contracts (contd.)

The associated unitary charges are now separated into three elements: service charge, repayment of the liability and interest, which are met from the Council's revenue account. The PFI payments are due to be made for the next 7 years until 2031. The PPP payments will be made for the next 12 years until 2036. An analysis of the payments in 2023/24 and 2024/25 is shown in the table below:

#### Unitary charges

2023/24			2024/25			
PFI - Schools	PPP - Leisure Centres	Total	Unitary charge elements	PFI - Schools	PPP - Leisure Centres	Total
£'000	£'000	£'000		£'000	£'000	£'000
3,069	995	4,064	Service Charges	3,179	1,025	4,203
1,761	147	1,908	Repayments made in year	1,923	286	2,210
2,370	1,699	4,069	Interest Lifecycle costs & Contingent Rents	2,238	1,854	4,092
7,200	2,841	10,041	Value at 31 March	7,340	3,165	10,505

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contracts at 31 March (excluding any estimation of inflation and availability performance) and PPP contracts, which have been uplifted annually by 3% as per the contract are shown below:

#### Payments remaining under PFI contracts

	PFI - Schools				PPP - Leisure Centres			
	Repayment of Liability	Interest	Service Charge	Other	Repayment of Liability	Interest	Service Charge	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Payment in 2025/26	1,392	854	3,179	1,916	367	1,313	1,055	523
Payments within 2 to 5 years	7,835	1,932	12,714	6,880	2,583	4,786	4,547	2,129
Payments within 6 to 10 years	1,021	30	1,854	1,376	7,814	3,237	6,495	2,516
Payments within 11 to 15 years	-	-	-	-	199	2	120	44
<b>Total future payments (excluding any future indexation)</b>	<b>10,248</b>	<b>2,816</b>	<b>17,747</b>	<b>10,172</b>	<b>10,963</b>	<b>9,338</b>	<b>12,217</b>	<b>5,212</b>

## **Note 39 - Pension Schemes Accounted for as Defined Contribution Schemes**

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

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

The scheme has more than 12,648 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 2024/25 the Council paid £5,819k (2023/24 £4,621k) to Teachers' Pensions in respect of teachers' retirement benefits, representing 38% of contributory salary of £15,327k. There was £490k of contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 40. The Council is not liable to the scheme for any other entities' obligations under the plan.

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

## Note 40 - Defined Benefit Pension Scheme

### Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the Council - this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

### Transactions Relating to Post-employment Benefits

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

### London Pension Fund Authority

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

#### 40.1 Balance Sheet Pension Fund Schemes

	31-Mar-24	31-Mar-25
	£'000	£'000
Local Government Pension Scheme (all)	(5,686)	(4,943)
London Pension Fund Authority**	(404)	(404)
<b>Total Pensions Liability</b>	<b>(6,090)</b>	<b>(5,347)</b>

\*\*The LPFA scheme is not included in the disclosures at Notes 40.2 to 40.6 due to materiality.

## 40.2 Movements in CIES and MIRS

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

### Comprehensive Income & Expenditure Statement (CIES)

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
<b>Cost of Services:</b>				
Current Service Cost	9,795	10,386	-	-
Administration Expense	767	848	-	-
<b>Financing and Investment Income and Expenditure:</b>				
Net Interest Expense	(3,239)	(4,732)	260	264
Interest on the asset ceiling		4,491		
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>7,323</b>	<b>10,993</b>	<b>260</b>	<b>264</b>

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
<b>Other Comprehensive Income &amp; Expenditure:</b>				
Return on Plan Assets (excluding amounts included in net interest expense)	(15,248)	20,320	-	-
Actuarial Gains Arising on Changes in Demographic Assumptions	(8,933)	(2,055)	(91)	(19)
Actuarial Gains Arising on Changes in Financial Assumptions	(9,492)	(84,685)	(43)	(378)
Experience Loss/(Gain) on defined benefit obligation	6,107	(900)	425	(9)
Change in effect of the asset ceiling	91,644	66,195		-
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>64,078</b>	<b>(1,125)</b>	<b>291</b>	<b>(406)</b>

London Borough of Bexley Statement of Accounts 2024/25

Movement in Reserves Statement (MIRS)

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,323)	(10,993)	(260)	(264)
Employer's pensions contributions and direct payments to pensioners payable in the year	7,843	9,868	583	601

### 40.3 LGPS Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Present value of the defined benefit obligation	(669,618)	(591,558)	(5,686)	(4,943)
Fair value of plan assets	761,262	753,888	-	-
Impact of asset ceiling	(91,644)	(162,330)		
<b>Net asset arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>	<b>(5,686)</b>	<b>(4,943)</b>

The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place at 31 March 2025.

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

### Reconciliation of Fair Value of Scheme Assets

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Assets as of the beginning of the period	733,046	761,262	-	-
Interest on Assets	34,683	36,740	-	-
Return assets less interest	15,248	(20,320)	-	-
Administration expenses	(767)	(848)	-	-
Employer Contributions	7,843	9,868	583	601
Contributions by Scheme Participants	4,059	4,423	-	-
Benefits Paid	(32,850)	(37,237)	(583)	(601)
Change in the effect of the asset ceiling	(91,644)	(162,330)	-	-
<b>Assets as of the End of the Period</b>	<b>669,618</b>	<b>591,558</b>	<b>-</b>	<b>-</b>

### Reconciliation of Present Value of Scheme Liabilities

	Local Government Pension Scheme (Funded)		Discretionary Benefits Arrangements (Unfunded)	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Liabilities as of the Beginning of the Period	(669,488)	(669,618)	(5,718)	(5,686)
Current Service Cost	(9,795)	(10,386)	-	-
Interest Cost	(31,444)	(32,008)	(260)	(264)
Contributions by Scheme Participants	(4,059)	(4,423)	-	-
Change in financial assumptions	9,492	84,685	43	378
Change in demographic assumptions	8,933	2,055	91	19
Experience (Losses)/Gains on defined benefit obligation	(6,107)	900	(425)	9
Benefits Paid	32,850	37,237	583	601
<b>Liabilities as of the End of the Period</b>	<b>(669,618)</b>	<b>(591,558)</b>	<b>(5,686)</b>	<b>(4,943)</b>

**40.5 Local Government Pension Scheme Assets comprised:**

	Quoted (Yes/No)	2023/24 £'000	2024/25 £'000
<b>Cash and Cash Equivalents:</b>			
Cash Instruments	Yes	87,926	71,846
Net Current Assets	No	228	3,016
<b>Sub-Total Cash and Cash Equivalents</b>		<b>88,154</b>	<b>74,862</b>
<b>Equity Instruments:</b>			
Global Equities	Yes	274,511	239,585
<b>Sub-Total Equity</b>		<b>274,511</b>	<b>239,585</b>
<b>Bonds:</b>			
UK Government indexed	Yes	58,617	57,371
Other Class 1	Yes	73,310	101,096
<b>Sub-Total Bonds</b>		<b>131,927</b>	<b>158,467</b>
<b>Private Equity:</b>			
Private Equity - Overseas LLP	Yes	65,697	71,619
Funds - Property	No	96,224	94,613
Funds - Diversified Growth	Yes	44,305	45,007
Infrastructure	No	60,444	69,735
<b>Sub-Total Private Equity</b>		<b>266,670</b>	<b>280,974</b>
<b>Total Financial Assets</b>		<b>761,262</b>	<b>753,888</b>

## 40.6 Assumptions and Sensitivity

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Under the projected unit method the current service cost will increase as members of the scheme approach retirement (where there is an increase in the age profile of the active membership). Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as of 31 March 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2024/25
<b>Longevity at 65 for Current Pensioners:</b>		
Men	21.4	21.4
Women	23.7	23.7
<b>Longevity at 65 for Future Pensioners:</b>		
Men	22.4	22.4
Women	25.4	25.4
Rate of CPI Inflation	2.70%	2.60%
Rate of increase in salaries	4.20%	4.10%
Rate of increase in pensions	2.80%	2.70%
Rate for discounting scheme liabilities	4.90%	5.80%

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

## Principal Assumptions

Factor	Change	Local Government Pension Scheme Impact on the Net Defined Benefit Asset / Liability	
		2023/24 £'000	2024/25 £'000
Rate of discount scheme liabilities	Increase by 0.5%	44,528	36,088
Rate of Inflation	Increase by 0.25%	(23,430)	(18,906)
Rate of increase in salaries	Increase in pay growth by 0.25%	(2,176)	(1,922)
Rate of discount scheme liabilities	Life expectancy 1 year	(16,492)	(12,853)

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, subject to the administering Council not taking undue risk. The most recent valuation of the Fund took place as at 31 March 2022. This showed that the Fund is 114% Funded. The next triennial valuation is due to be as at 31 March 2025. This will be completed in 2025/26.

There were national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The new scheme for local government was set out in the LGPS Regulations 2013.

The total amount of contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 are is £10.451m. This includes expected contributions for the Discretionary Benefits scheme £0.601m.

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

## **Note 41 - Contingent Liabilities**

A claim has been made against the Council by Right Support Management relating to a care case. This claim exceeds £800,000 and there is a significant prospect that it will need to be resolved through hearing. The Council is defending this case but the outcome is not wholly in its control, so this has been assessed as a contingent liability.

A claim for losses has been made against the Council by Lazpro Ltd concerning the sale of homes in a redevelopment site. This claim exceeds £1.5m. The case has been listed for a case management hearing at the High Court in June 2025. The Council is defending this case but the outcome of the claim is not wholly in its control, so this has been assessed as a contingent liability.

## **Note 42 - Contingent Assets**

The Council did not have any material contingent assets to disclose at 31 March 2025.

## Collection Fund

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

### Collection Fund for the Year Ended 31 March 2025

	Business Rates NDR3 £'000	Rate Supplement £'000	Council Tax £'000	Totals £'000
<b>INCOME</b>				
Council Tax receivable	-	-	(184,675)	(184,675)
Business Rates receivable	(93,195)	-	-	(93,195)
Transitional Protection sums due from Central Government	(498)	-	-	(498)
Council tax discounts funded from Billing Authority General Fund	-	-	7	7
Business Rate Supplements (BRS) receivable	-	(2,597)	-	(2,597)
<b>Apportionment of previous year's Collection Fund Deficit</b>				
Central Government	(2,981)	-	-	(2,981)
Bexley	(2,710)	-	-	(2,710)
Greater London Authority	(3,342)	-	-	(3,342)
<b>Total Income</b>	<b>(102,726)</b>	<b>(2,597)</b>	<b>(184,668)</b>	<b>(289,991)</b>
<b>EXPENDITURE</b>				
<b>Precepts, Demands and Proportionate Shares</b>				
Central Government	31,626	-	-	31,626
London Borough of Bexley	28,751	-	141,412	170,163
Greater London Authority	35,459	-	39,594	75,053
<b>Business Rate Supplement</b>				-
Business Rate Supplement (BRS) levy due	-	2,591	-	2,591
<b>Charges to Collection Fund</b>				-
Write-off of uncollectable amounts	-	-	-	-
Change in provision for non-collection	3,949	-	(1,112)	2,837
Increase in provision for appeals	(171)	-	-	(171)
Disregarded amounts	13	-	-	13
Allowance for cost of collection	242	6	-	248

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Apportionment of previous year's Collection

<b>Fund Surplus</b>				-
Central Government	-	-	-	-
Bexley	-	-	3,266	3,266
Greater London Authority	-	-	885	885
<b>Total Expenditure</b>	<b>99,869</b>	<b>2,597</b>	<b>184,045</b>	<b>286,511</b>
<b>Movements on the Collection Fund</b>				
Surplus / Deficit arising during the year	(2,857)	-	(623)	(3,481)
Surplus / Deficit brought forward 1 April 2024	7,786	-	699	8,485
<b>(Surplus) / Deficit carried forward 31 March 2025</b>	<b>4,929</b>	<b>-</b>	<b>76</b>	<b>5,005</b>

**Collection Fund Surplus / Deficit 31**

**March 2025**

	<b>Business Rate</b>			<b>Total</b>
	<b>Business Rates</b>	<b>Supplement</b>	<b>Council Tax</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Central Government	1,626	-	-	1,626
London Borough of Bexley	1,480	-	56	1,536
Greater London Authority	1,823	-	20	1,843
<b>(Surplus) / Deficit carried forward 31 March 2025</b>	<b>4,929</b>	<b>-</b>	<b>76</b>	<b>5,005</b>

**Memorandum Note**

<b>Debtors and Prepayments</b>	<b>Business Rate</b>			<b>Total</b>
	<b>Business Rates</b>	<b>Supplement</b>	<b>Council Tax</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Sums outstanding from Ratepayers (Arrears/Debtors)	8,356	172	47,169	55,697
Prepayments and Overpayments	(4,414)	(78)	(3,957)	(8,449)

Collection Fund for the Year Ended 31 March 2024

	Business Rate			Totals (Restated) £'000
	Business Rates	Supplement	Council Tax	
	NNDR3 £'000	(Restated) £'000	£'000	
<b>INCOME</b>				
Council Tax receivable	-	-	(171,878)	(171,878)
Business Rates receivable	(79,021)	-	-	(79,021)
Transitional Protection sums due from Central Government	(9,007)	-	-	(9,007)
Council tax discounts funded from Billing Authority General Fund	-	-	(296)	(296)
Business Rate Supplements (BRS) receivable	-	(2,454)	-	(2,454)
<b>Total Income</b>	<b>(88,028)</b>	<b>(2,454)</b>	<b>(172,174)</b>	<b>(262,656)</b>
<b>EXPENDITURE</b>				
Transitional protection payments due to Central Government	90	-	-	90
<b>Precepts, Demands and Proportionate Shares</b>				
Central Government	29,647	-	-	29,647
London Borough of Bexley	26,952	-	133,299	160,251
Greater London Authority	33,241	-	36,087	69,328
<b>Business Rate Supplement</b>				
Business Rate Supplement (BRS) levy due	-	2,448	-	2,448
<b>Charges to Collection Fund</b>				
Write-off of uncollectable amounts	(156)	-	-	(156)
(Decrease)/increase in provision for non-collection	1,397	-	3,186	4,583
Decrease in provision for appeals	1,320	-	-	1,320
Disregarded amounts	13	-	-	13
Allowance for cost of collection	242	6	-	248
<b>Apportionment of previous year's Collection Fund Surplus</b>				
Central Government	1,736	-	-	1,736
Bexley	1,578	-	1,480	3,058
Greater London Authority	1,947	-	446	2,393
<b>Total Expenditure</b>	<b>97,917</b>	<b>2,454</b>	<b>174,498</b>	<b>274,869</b>
<b>Movements on the Collection Fund</b>				
Surplus / Deficit arising during the year	9,889	-	2,324	12,213
Surplus / Deficit brought forward 1 April 2023	(2,103)	-	(1,625)	(3,728)
<b>Surplus / Deficit carried forward 31 March 2024</b>	<b>7,786</b>	<b>-</b>	<b>699</b>	<b>8,485</b>

## Collection Fund Surplus / Deficit 31 March 2024

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

## Memorandum Note

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

## Notes to the Collection Fund

### Note 1 - Council Tax

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

### Council Tax Base Calculation

2023/24 Band D equivalent	Bands and value ranges	Estimated number of properties	Multiplier	2024/25 Band D equivalent
£'000				£'000
2	A - Reduced Band A	5	5/9	3
1,822	A - up to £40,000	2,833	6/9	1,887
5,686	B - £40,001 to £52,000	7,427	7/9	5,776
21,392	C - £52,001 to £68,000	24,575	8/9	21,845
24,372	D - £68,001 to £88,000	24,514	9/9	24,514
21,498	E - £88,001 to £120,000	17,594	11/9	21,504
6,863	F - £120,001 to £160,000	4,828	13/9	6,974
2,684	G - £160,001 to £320,000	1,617	15/9	2,695
70	G - £320,001 and over	36	18/9	73
<b>84,389</b>	<b>Subtotal</b>			<b>85,271</b>
(1,265)	Less Allowance for non-collection			(1,279)
<b>83,124</b>	<b>Council Tax Base</b>			<b>83,992</b>

**Note 2 - NNDR Rateable Values**

2023/24		2024/25
£227.995m	Non-Domestic Rateable Value Gross	£229.251m
51.2p	Standard Business Rate	54.6p
49.9p	Small Business Rate	49.9p
£79.099m	Business Rates Receivable after reliefs and transition	£97.049m

**Note 3 - Business Rate Supplement (BRS) - Crossrail**

The Mayor of London introduced a levy of 2p on non-domestic properties with a rateable value of over £75,000 in London from 1 April 2010, to help pay for Crossrail. Powers were granted to the Greater London Authority (GLA) to introduce this under the Business Rates Supplements Act 2009. The Crossrail Business Rate Supplement (BRS) is being collected on behalf of the GLA by the Council along with general business rates (NNDR). Income collected and payments made to the GLA are included in the Collection Fund Statement.

## Group Accounts

### Group Comprehensive Income and Expenditure Statement

This Group statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 7) and the Movement in Reserves Statement. Intragroup balances are eliminated on consolidation.

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
131,861	(59,174)	72,687	Adult Social Care and Public Health	133,038	(65,822)	67,216
5,238	(183)	5,055	Chief Executive's Office	4,651	(196)	4,455
184,691	(128,413)	56,278	Children and Education	217,088	(150,635)	66,453
101,663	(35,610)	66,053	Finance and Corporate Services	116,989	(60,973)	56,016
118,042	(71,507)	46,535	Place	100,682	(39,349)	61,333
<b>541,495</b>	<b>(294,887)</b>	<b>246,608</b>	<b>Cost of Services</b>	<b>572,448</b>	<b>(316,974)</b>	<b>255,474</b>
		22,216	Other Operating Expenditure			(2,076)
		3,936	Financing and Investment Income and Expenditure			9,057
		(220,372)	Other Taxation and Non-Specific Grant Income			(223,240)
		<b>52,389</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>39,215</b>
		(8,878)	Surplus on revaluation of Property, Plant and Equipment assets			(20,736)
		64,428	Remeasurement of the Pension net defined liability/(asset)			(1,531)
		2	Movement on deferred tax relating to Pension Liability			-
		<b>55,552</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(22,267)</b>
		<b>107,941</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>16,948</b>

## Group Accounts

### Group Balance Sheet

The Group Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the entity and its subsidiaries. The net assets (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category of reserves is usable reserves, which the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Group Movement in Reserves Statement line 'Adjustments between Accounting basis and funding basis under regulations'. Intragroup balances are eliminated on consolidation.

31-Mar-24		31-Mar-25
£'000		£'000
754,053	Property plant and equipment	765,965
35,001	Heritage Assets	36,158
55,646	Investment Property	50,531
1,165	Intangible Assets	1,029
10,452	Long Term Investments	5,443
6,315	Long Term Debtors	5,697
<b>862,632</b>	<b>Long Term Assets</b>	<b>864,823</b>
11,980	Assets Held For Sale	7,170
221	Short-term Investments	218
10,069	Inventories	22,148
64,227	Short Term Debtors	72,809
30,929	Cash and Cash Equivalents	16,801
<b>117,426</b>	<b>Current Assets</b>	<b>119,146</b>
(5,734)	Cash and Cash Equivalents Overdrawn	(2,713)
(3,606)	Short-Term Borrowing	(6,740)
(49,054)	Short-Term Creditors	(53,271)
(3,656)	Provisions	(4,075)
(2,770)	Grants Receipts in Advance – Revenue	(2,844)
(83)	Grants Receipts in Advance – Capital	(2,850)
<b>(64,903)</b>	<b>Current Liabilities</b>	<b>(72,493)</b>
(1,655)	Long-Term Provisions	(1,104)
(220,325)	Long Term Borrowing	(224,323)
(23,438)	Other Long-Term Liabilities	(31,239)
(6,090)	Pension Liabilities	(5,347)
(6,408)	Grants Receipts in Advance - Capital	(8,911)
<b>(257,916)</b>	<b>Long Term Liabilities</b>	<b>(270,924)</b>
<b>657,238</b>	<b>Net Assets</b>	<b>640,552</b>
(82,266)	Usable Reserves	(83,951)
(574,972)	Unusable Reserves	(556,601)
<b>(657,238)</b>	<b>Total Reserves</b>	<b>(640,552)</b>

## Group Accounts

### Group Movement in Reserves Statement 2024/25

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

	General Fund Balance £'000	Retained Earnings Adjustment £'000	Earmarked Reserve Balance £'000	Capital Receipts Reserve £'000	Capital Grants unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance At 1 April 2024</b>	<b>(9,500)</b>	<b>(4,643)</b>	<b>(46,811)</b>	<b>2,856</b>	<b>(24,169)</b>	<b>(82,266)</b>	<b>(574,972)</b>	<b>(657,238)</b>
Movement in Reserves during 2024/25:								
Deficit on the provision of services	38,833	383				39,216		39,216
Other Comprehensive Income and Expenditure		-				-	(22,267)	(22,267)
<b>Total Comprehensive Income and Expenditure</b>	<b>38,833</b>	<b>383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,216</b>	<b>(22,267)</b>	<b>16,949</b>
Adjustments between group accounts and authority accounts	-	(263)		(3,900)		(4,163)	3,900	(263)
Adjustments between accounting basis and funding basis under regulations	(40,714)			(4,078)	8,055	(36,737)	36,737	-
<b>Net (Increase)/Decrease in year 2024/25 before Transfers to earmarked reserves</b>	<b>(1,881)</b>	<b>121</b>	<b>-</b>	<b>(7,978)</b>	<b>8,055</b>	<b>(1,683)</b>	<b>18,370</b>	<b>16,687</b>
<b>Other adjustments:</b>								
Transfers to earmarked reserves	1,494		(1,494)			-		-
<b>Net (Increase)/Decrease in year 2024/25 before Transfers to earmarked reserves</b>	<b>(387)</b>	<b>121</b>	<b>(1,494)</b>	<b>(7,978)</b>	<b>8,055</b>	<b>(1,683)</b>	<b>18,370</b>	<b>16,687</b>
<b>Closing Balance as at 31 March 2025</b>	<b>(9,887)</b>	<b>(4,522)</b>	<b>(48,305)</b>	<b>(5,122)</b>	<b>(16,114)</b>	<b>(83,950)</b>	<b>(556,602)</b>	<b>(640,552)</b>

London Borough of Bexley Statement of Accounts 2024/25

Group Movement in Reserves Statement 2023/24

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

## Group Accounts

### Group Cash Flow Statement

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

2023/24		2024/25
£'000		£'000
(52,389)	<b>Net Deficit on the Provision of Services</b>	(39,215)
53,389	Adjustments to net surplus or deficit on the provision of services for non-cash movements	42,563
(24,354)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,549)
<b>(23,354)</b>	<b>Net cash flows from Operating Activities</b>	<b>(15,201)</b>
10,476	Investing Activities	185
(11,180)	Financing Activities	3,910
<b>(24,056)</b>	<b>Net decrease in Cash and Cash Equivalents</b>	<b>(11,106)</b>
49,251	Cash and Cash Equivalents at the beginning of the reporting period	25,195
<b>25,195</b>	<b>Cash and Cash Equivalents at the end of the reporting period for the Group</b>	<b>14,089</b>

## Group Accounts

### Group Accounts - Disclosures

#### Introduction

BexleyCo Limited is a development and regeneration company that was incorporated by the Council in June 2017. It is a company limited by shares with the Council as the sole shareholder.

As per the business plan the Company is focusing on the residential development of ten sites on a build-for-sale basis which is expected to deliver 492 properties, including affordable homes for social rent and shared ownership.

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

#### BexleyCo Limited

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

#### Basis of Consolidation

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

#### Financial Performance

In 2024/25 the company made an operating loss of £0.208m (£0.123m loss in 2023/24). The turnover of BexleyCo was £0.510m (£0.558m in 2023/24) and the cost of sales was £0.294m (£0.422m in 2023/24).

#### Investment Properties

The Statement of Financial Position for BexleyCo includes £2.970m of Investment Properties at 31 March 2025 (£3.051m at 31 March 2024).

#### Inventories

Inventories of BexleyCo includes Work in Progress of £17.811m at 31 March 2025 (£4.496m at 31 March 2024).

#### Creditors

The Statement of Financial Position for BexleyCo includes £9.110m of Creditors at 31 March 2025 (£3.825m at 31 March 2024). Out of this, £7.086m relates to London Borough of Bexley (£2.975m at 31 March 2024). This leaves £2.024m relating to other parties (£0.850m at 31 March 2024).

## London Borough of Bexley Statement of Accounts 2024/25

### Operating Cash Flows

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

2023/24 £'000		2024/25 £'000
42,151	Depreciation	45,928
3,040	Impairment and downward valuations	2,431
532	Amortisation	490
(15,043)	Decrease in creditors	(1,170)
(461)	Increase in debtors	(4,023)
(3,864)	Increase in inventories	(11,750)
(843)	Movement in pension liability	788
22,961	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,506
3,150	Movement in fair value of investment properties	5,263
1,765	Other non-cash items charged to the net surplus or deficit on the provision of services	99
<b>53,389</b>	<b>Total</b>	<b>42,562</b>

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

2023/24 £'000		2024/25 £'000
(1,029)	Proceeds from sale of property, plant & equipment, investment property and intangible assets	(7,282)
(23,325)	Any other items for which cash effects are investing or financing cash flows	(11,267)
<b>(24,354)</b>	<b>Total</b>	<b>(18,549)</b>

## Investing Activities

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

2023/24 £'000		2024/25 £'000
(15,397)	Purchase of Property Plant and Equipment, Investment Property and Intangible assets	(25,039)
-	Other payments for investing activities	(4,354)
1,915	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,985
-	Proceeds from short-term and long-term investments	5,303
23,958	Other receipts from investing activities	16,290
<b>10,476</b>	<b>Net cash flows from investing activities</b>	<b>185</b>

## Financing Activities

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

2023/24 £'000		2024/25 £'000
-	Cash receipts of short and long-term borrowing	24,383
(2,832)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance- Sheet PFI contracts	(955)
(31)	Repayments of short- and long-term borrowing	(12,731)
(8,317)	Other payments for financing activities	(6,787)
<b>(11,180)</b>	<b>Net cash flows from financing activities</b>	<b>3,910</b>

# Annual Governance Statement 2024/25

## 1. Introduction

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

1.2 The Council is required to review its governance arrangements each year. This is the Annual Governance Statement for 2024/25.

## 2. Responsibilities of the Council

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

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

2.3 The Council has approved and adopted a Constitution and Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The Constitution, which was reviewed and revised on 3 June and 12 August 2024, sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

## 3. Bexley's Governance Model and Governance Framework

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

3.2 The Council have full access to the three statutory Officers responsible for governance, namely: Head of Paid Service (Chief Executive), Section 151 Officer (Director of Finance and Corporate Services) and the Monitoring Officer (Deputy Director for Legal and Democratic Services).

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

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

3.5 During 2024/25 the Leader of the Council and seven Cabinet Members, each had specific responsibilities:

- **Leader of the Council:** Oversees corporate policy and resource plans, Bexley 2050, the annual budget, capital strategy and programme, Medium Term Financial Strategy, corporate governance, housing, growth and other strategies. The Leader also handles corporate issues related to government, the Greater London Authority, Local London and other regional bodies. The Leader is the principal spokesman for the Council.
- **Deputy Leader of the Council/Cabinet Member for Resources:** Responsible for corporate policies and delivery of corporate services, especially consultation, public access to services, the Corporate Plan and Business Process. Strategic co-ordination across the whole range of Council services and responsibilities, in terms of what the community offers in provisions/services regardless of age/sex/religion/sexuality/ethnic/ cultural or social background. The Deputy Leader also supports/deputises for the Leader as necessary.
- **Cabinet Member for Place Shaping:** Manages unitary development plan and local development framework issues, economic and employment development strategy, housing and investment strategies and major development schemes.
- **Cabinet Members for Neighbourhoods, Communities & Housing:** are responsible for policy relating to environmental matters and the delivery of environmental services, waste and recycling strategy, Environmental Health & Trading Standards, transport planning, traffic management and parking. Strategic co-ordination of the range of services and responsibilities within Leisure, the Arts and Tourism.
- **Cabinet Member for Children's Services:** Manages strategies for services related to children's welfare and education.
- **Cabinet Member for Education:** Manages the borough's education-related strategies and initiatives.
- **Cabinet Member for Adults' Services & Health:** Manages strategies and policy development for adult social care and health-related services within the borough.

3.6 The Leader of the Council is appointed by the Council annually. This was last done at the Council meeting on 22 May 2024 for the period to May 2025. The Leader has delegated powers to determine the number and scope of Cabinet portfolios, including those of the Leader and Deputy Leader, and to make appointments to the Cabinet. Changes to the 2024/25 Cabinet portfolios were ratified at the Council meeting on 22 May 2024. The roles of the Cabinet Member for Growth and Cabinet Member for Place were broadened and revised to the Cabinet Member for Place Shaping and Cabinet Member for Neighbourhoods.

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

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

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

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

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

3.12 The Cabinet are supported by the three statutory Officers and the wider Corporate Leadership Team. Bexley has three officers with statutory roles, the Head of Paid Service, Monitoring Officer, and Section 151 Officer.

- The Chief Executive is the Head of Paid Service and is responsible for all Council employees.
- The Director for Finance and Corporate Services is the Section 151 Officer (Council's Chief Financial Officer) and is responsible for safeguarding the Council's financial position and ensuring value for money.
- The Deputy Director, Legal and Democratic Services and Monitoring Officer ensures that Council decisions are taken in a lawful and ethical way, that relevant laws and regulations are complied with, and correct procedures are followed.

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

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

3.15 The Governance Framework is comprised of the systems and processes, and culture and values, by which the council is directed, and its activities, decision-making and management of performance, resources and risk. through which it is accountable to, engages with and leads the community. The Governance Framework enables the Council to identify progress and monitor the achievement of its strategic priorities set out in the Bexley Plan 2022-26 #Making Bexley Even Better, its three priority themes of: (i) Aspiration for our residents, (ii) Ambition for our borough and (iii) An efficient and Effective Council and its 15 outcomes.

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

4.1 The information provided in this section contains the key examples of how Bexley has adhered to the CIPFA/SOLACE Framework Delivering Good Governance in Local Government during 2024/25. The information is not exhaustive, and more information can be found in the many strategies, plans, policies, and reports to be found on the Bexley.gov.uk website.

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

*(i) Behaving with Integrity*

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

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

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

*(ii) Demonstrating Strong Commitment to Ethical Values*

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

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

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

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

4.9 The Members Code of Conduct Committee promotes the maintenance of high standards of conduct by Members and co-opted Members of the Council and assists them to observe the authority's Code of Conduct.

*(iii) Respecting the Rule of Law*

4.10 The Deputy Director, Legal and Democratic Services and Monitoring Officer provides on-going advice in connection with the legal standing of Council business and advice to Councillors on their responsibilities, alongside the maintenance/monitoring of the Constitution. To enable the Monitoring Officer to conduct their statutory role, in accordance with Section 5 Local Government and Housing Act 1989, the Monitoring Officer has access to all reports, attends key officer and committee meetings and is able to launch investigations in the eventuality of a breach of conduct.

4.11 Part 3 of the Constitution defines how the Council has implemented the 'local choice functions' set out in Schedule 2 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 which enables a number of functions to be exercised either by the Executive or reserved to the Council or a non-executive Committee of the Council.

4.12 The Scheme of Officer Delegation contained in the Constitution gives the Director of Finance and Corporate Services responsibility for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.

4.13 Additionally, Bexley's External Auditors, Section 151 Officer and Head of Assurance have direct access, if necessary, to the Chairman of the General Purposes & Audit Committee.

**B: Ensuring openness and comprehensive stakeholder engagement**

*(i) Ensuring Openness*

4.14 The Council ensures transparency and openness in its decision making processes by publishing all agendas, papers, minutes and decisions on the council's website.

4.15 The Council communicates with its Stakeholders through various platforms, including:

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

4.16 The Council has a Statement of Community Involvement and a Connected Communities Strategy 2019-23 which outline how the Council works with local people to support community development. The documents set out Bexley's commitment to effective working relationships with all sectors of the community and emphasise the role of well-connected communities in achieving Council priorities.

### *(ii) Engaging Comprehensively with Institutional Stakeholders*

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

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

4.18 The Bexley Growth Strategy was developed in December 2017 however significant work was undertaken during 2024/25 in support of the development of the Bexley 2050 Vision. This included identifying and engaging with third sector and private sector organisations that can help shape the borough in the period to 2050.

### *(iii) Engaging with Individual Citizens and Service Users Effectively*

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

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

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

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

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

4.24 Ask Bexley is a platform for stakeholders to be actively involved in local decision-making through a range of participation and engagement opportunities including surveys, voting, and meetings. The Ask Bexley contains easy read surveys and a video introduction in British Sign Language.

4.25 The Statement of Community Involvement sets out how residents can become involved in planning in the London Borough of Bexley, both in deciding planning applications and preparing planning policy documents, including neighbourhood plans.

4.26 The [bexley.gov](http://bexley.gov) website provides information on how citizens can be involved that also includes:

- Contacting their local councillor
- Overview and Scrutiny Committees
- Petitions
- Deputations.

4.27 Additionally, the Freedom of Information publication scheme ensures key information about how the council works is accessible to the public.

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

#### *(i) Defining Outcomes*

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

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

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- Partnership-working: Collaborating with residents, voluntary groups, businesses, and local authorities to tackle complex issues.

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

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

4.30 The Medium Term Business Plan for 2025 was presented to and approved by Public Cabinet on 1 April 2025. The Plan introduced a medium term approach to the business planning process, ensuring a strong strategic approach to identifying our priorities and allocation of resources. Details change throughout the financial year, from changes in key priorities (such as those driven by inspection outcomes) to changing legislative requirements, and therefore, sitting alongside the Medium Term Financial Strategy (MTFS), the annual refresh of a five-year lookahead business plan enable the Council to identify risks and issues in advance in order to manage pressures appropriately. In addition, the interrelated, cohesive plan enables the council to have a single view across the whole council, showing how individual directorate priorities and commitments are part of the whole, how we are operating to deliver these, and moving towards the delivery of an overarching vision for the Council.

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

### *(ii) Sustainable Economic, Social and Environmental Benefits*

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

- Growth Strategy
- Learning, Skills and Employment Strategy

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

4.33 The Council developed and implemented a Transformation Framework during quarter three 2024/25. The framework is designed to fundamentally change the way the Council operates, delivers value, change how the Council interacts with its environment. The Transformation programme involves reshaping the Council's strategy, processes, culture, technology, or structure to achieve significant improvements in performance, resilience, and outcomes for residents and businesses. Bexley intends to address multiple challenges through establishing a transformation programme. These include:

- increasing demand for services both from demographic changes and social need, inflationary pressures, growth requirements from additional regulation and delivery requirements;
- the need for opportunities for greater coherence and efficiency across the Council in service organisation and provision;
- the need for opportunities identified through a comprehensive review of the Council's operations by PWC; and
- the opportunity for greater adoption of technology to reduce non-value adding, administrative and repetitive work alongside enhancing the opportunities for service innovation

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

*(i) Determining Interventions*

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

*(ii) Planning Interventions*

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

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

*(iii) Optimising Achievement of Intended Outcomes*

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

4.38 An LGA Peer Challenge Review of Finance was undertaken in January 2025. The review was improvement focussed and tailored to meet Bexley's needs. The review was designed to complement and add value to the council's own performance and improvement focus. The scope of the review comprised financial leadership, financial strategy, planning and forecasting, decision making, financial outcomes and partnership and innovation. The review had a strong focus on Children's Services given the budget pressures and demand challenges in that area.

*(i) Developing the Organisation's Capacity*

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

- Efficient, innovative and local recruitment
- Recognising Commitment and Excellence
- Supporting Mental Health and Wellbeing

- Create a fair and inclusive working environment
- Growing our own workforce of the future
- Working together and communicating better.

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

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

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

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

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

4.44 The HR and Organisational Development service have developed and deliver a programme of training for managers. Additionally, many staff undertake professional training or are members of professional membership organisations and complete continuing professional development. This will be expanded further as part of the People Strategy 2024-2028. A transformation objective was therefore added to each member of staff' annual appraisal for 2025.

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

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

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

*(i) Managing risk*

4.47 The Council operates a risk management framework that aids the identification, analysis and mitigation of risks to the Council's strategic objectives, reputation, finances and other assets and its compliance with its statutory and regulatory obligations. The risk framework uses the three lines of defence model.

4.48 The Strategic Risk Register articulates the key risks impacting the Council, informs decision making, and provides assurance on current actions and identifies planned actions to manage key risks. Directorate and functional risk registers are used to manage risks. The Executive Leadership Team and General Purposes & Audit Committee receive regular risk management update reports. Work continues to develop Bexley's risk management approach in order to develop a Council-wide risk aware workforce.

*(ii) Managing performance*

4.49 The Council has developed a comprehensive suite of key performance indicators (KPIs) to monitor service delivery whether services are internal or through external providers. The Integrated Performance report is produced monthly and contains trend analysis both over time and comparing the Bexley's performance against national and regional trends. Exceptions, both positive and negative trends are identified and the Directorate (service), finance and risk functions provide a narrative response identifying necessary remedial action, potential financial impact and associated risks. The integration and analysis of performance, finance, workforce intelligence and complaints support effective resource allocation, and identifies potential challenges and remedies. The report is provided to the Executive Leadership Team and Council each month.

4.50 The Council's governance structure includes four scrutiny committees which are aligned with the Council's directorates. The scrutiny committees have several key powers that enable them to effectively oversee and investigate the Council's work, as well as that of its partners. These include:

- Investigative authority: Scrutiny Committees can investigate local issues and make recommendations to the Cabinet to improve services for residents in the borough.
- Performance monitoring: Scrutiny Committees are responsible for challenging the performance including that of the Council's partners, including addressing local health service issues and crime and disorder.
- Specific Remits: Each scrutiny committee has a specific remit, such as adult social care, children's services, finance, corporate services, and places, which includes a wide range of services from public health to economic development.

The Housing Service was successfully able to mitigate the demand pressures on temporary accommodation in 2024/25 through rigorous management of the service and utilising the Private Rented Sector and other suitable alternatives. However, properties for Private Rented Sector discharge are becoming increasingly difficult, time consuming and expensive to secure as the cost of dealing with the challenge has increased. This will be particularly difficult to maintain going forward due to the changing market conditions, the Home Office programme for decanting from London hotels and the Department of Defence accommodating Afghan refugees.

### *(iii) Robust internal control*

4.51 The Council's control environment comprises directive, preventive detective, corrective controls, its Financial Regulations, Contract Procurement Rules and wider framework of policies and procedures. These directive controls are supplemented by preventative controls including segregation of duties and monitoring and detective controls that include scrutiny of management and finance reports. Corrective controls are employed to strengthen our system of internal controls. The Council's internal audit and other review functions as well as risk management activities also strengthen internal control.

4.52 The Council has completed a self-assessment of its compliance with the Local Government Association's Improvement and assurance framework for local government to gain assurance on the performance of its services and of its corporate governance.

### *(iv) Managing Data*

4.53 The processing of personal and sometimes sensitive data is essential to many of the services and functions carried out by local authorities. Bexley complies with data protection legislation, which includes UK General Data Protection Regulation and the Data Protection Act 2018 to ensure processing is carried out fairly, lawfully and transparently.

4.54 The Council regularly reviews its suite of data governance policies and procedures and data processing activities to ensure they remain consistent with the law, and compliant with advice and codes of practice issued by the Information Commissioner's Office.

4.55 All staff are required to complete data protection training and supplementary training is provided to staff who use and control personal and sensitive data.

*(v) Strong Public Financial Management*

4.56 The Council's finances are managed in a manner which safeguards public money, promotes value for money and financial stewardship. This approach is used in support of both the Council's long-term strategic objectives, and short and medium term financial and operational plans.

4.57 The Chief Finance Officer (Director of Finance & Corporate Services) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept and oversees an effective system of internal financial control. The Chief Finance Officer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution details the financial regulations which underpin the financial arrangements. The financial regulations are supplemented by Contract Procedure Rules and Code of Practice. All existing contracts or new requirements with a value greater than £250,000 pa) are required to follow the Tollgate approval process and be authorised by the Commissioning Board before the procurement process can begin. The function of the Commissioning Board was reviewed and streamlined during 2023/24.

4.58 The Council has instigated a Corporate Debt Board that meets monthly to focus on policies, procedures and resources to improve debt recovery and monitoring; improve cash flow; and reduce the level of write-offs and bad debt provision. Additionally, during 2024/25 the Council put in place a:

- The Transformation Board was established in January 2025 to replace the Economy, Efficiency, and Effectiveness Board. The Board reviews areas of income and expenditure with a focus on ensuring delivery in the most efficient, effective and economic way.

4.59 A Corporate Spend Panel was established in 2023/24 to scrutinise requests for additional resources and determines whether the spend is essential. The Panel meets twice a week to review and approve expenditure including requests to recruit both interim and permanent roles.

4.60 The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. Detection is enhanced through participation in data-matching exercises with the National Fraud Initiative and best practice is kept current through Membership to the National Anti-Fraud Network. Regular updates of anti-fraud activities which take place are provided to the General Purposes & Audit Committee.

4.61 The Council's Contract Procedure Rules, procurement to pay processes and contract management activity are designed to ensure that the Council obtains best value for money.

4.62 The Council has an audit committee, the General Purposes & Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee receives assurance reports regarding risk management, the internal control environment, and counter fraud activity.

4.63 The General Purposes & Audit Committee reviews and ratifies an annual counter fraud work plan developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). The General Purposes & Audit Committee receives an update on the delivery of the annual counter fraud work plan at each of its meetings.

### **G: Implementing good practice in transparency, reporting, and audit, to deliver effective accountability**

#### *(i) Implementing Good Practice in Transparency*

4.64 The Council publishes the data required by the Local Government Transparency Code 2015 on the Council's website.

4.65 The Council's website is designed to be accessible to as many users as possible. Users of the website can make a number of adaptations including to colours, font size, use speech recognition software and listen to most of the website using a screen reader. Members of the public can also request a document in an accessible format including braille.

4.66 To aid with transparency and accountability to residents, businesses and interested parties, minutes of key meetings, decisions, items of expenditure exceeding £500, and registers of interest are published on the Council's website. Also detailed will be any approvals pertaining to BexleyCo Limited's (the Council's wholly owned subsidiary) annual business plan and the sanctioning of restricted financial matters relating to the company e.g., business loans and property and land purchases.

4.67 The Council has processes in place to ensure the Council provides clear, accurate and impartial information. The information supports the regular review of the Council's finances, ensuring the Medium-Term Financial Strategy are aligned with strategic objectives and that public money is safeguarded.

#### *(ii) Implementing Good Practices in Reporting*

4.68 The Accounts and Audit Regulations 2015 (as amended) requires Bexley produce a Statement of Accounts. It is an important public demonstration of the effective stewardship over public money carried out by the Council. Bexley ensures that the plain language 'narrative statement' within the Statement of Accounts is used as an opportunity for the council to put across important messages about its finances and to clarify some of the more technical issues in the accounts.

*(iii) Assurance and Effective Accountability*

4.69 The General Purposes & Audit Committee monitors the implementation of internal and external audit recommendations. The Council's external auditors, Ernst & Young provide a management letter and report on the Council's performance in implementing recommendations effectively and within agreed timescales.

4.70 The Council has adopted the Public Sector Internal Audit Standards which set out the standards for internal audit for the period to 31 March 2025. Elements of compliance include presenting a draft annual internal audit plan and Audit Charter to the General Purposes & Audit Committee for review, comment and ratification. However, an assessment of internal audit's compliance during 2024/25 identified a small number of areas where the function was non-compliant with the Standards. The General Purposes & Audit Committee was informed of the non-conformance on 30 July 2024.

## **5. Annual Review of Effectiveness**

5.1 The Council has a legal responsibility to review the effectiveness of its governance framework every year and also consider the effectiveness of its systems of internal control. The review is led by the Head of Assurance and includes input from the Monitoring Officer, Directors and other Senior Managers. The results of the review are then considered by the Finance and Corporate Leadership Team before being presented to the Chief Executive and Leader of the Council.

5.2 The extent to which Bexley complies with the principals and requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government is evidenced by the systems, processes and documentation detailed in Section 4 above. The review has concluded that the Council has assurance that its governance arrangements reflect the principles of the Code of Corporate Governance.

5.3 The review of the effectiveness of Bexley's systems of internal control is informed by:

- The work of our external auditors, Ernst & Young
- The work of our internal audit and assurance function
- Reviews completed by external regulators including Ofsted, the Youth Justice Board and the Care Quality Commission and compliance checks completed by the BSI
- The annual self-assessment assurance statements completed by the Chief Executive and Directors of Finance and Corporate Services, Adult Social Care and Health, Children's Services and Place
- Risk management activity completed during the year.

These reviews have demonstrated that, whilst no system of internal control can eliminate all risk, the Council operates an appropriate system of internal control.

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5.4 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:

- Work undertaken by the Chief Executive and the Corporate Leadership Team who meet weekly to review the delivery of strategic, operational and financial plans and direct the Council's activity.
- The Directorate Leadership Teams are responsible for ensuring that the Council's systems of internal control ensure the Council meets its legal and regulatory obligations and this is monitored throughout the year through the review of operational and strategic plans.
- Council and its Committees review, scrutinise and challenge Bexley's governance arrangements and operations throughout the year.

5.5 After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

- The governance framework described above has been in place at the London Borough of Bexley for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.



Ross Brown

Director of Finance and Corporate Services

Date: 17 February 2026



Cllr Peter Reader

Chair of the General Purposes and Audit Committee

Date: 17 February 2026

**APPENDIX 1 - Governance Issues**

**SECTION A - Governance Issues and Challenges in 2024/25 and Prior Years**

The 2023/24 AGS identified three governance challenges for 2024/25 where improvements in Bexley governance arrangements would enable the Council to best meet those challenges. The information provided below gives high levels summaries of the actions taken by management to address the governance issues set out in the Action Plan appended to the 2023/24 AGS. The information contains details of oversight of delivery however it should be noted that more detailed progress reports are provided to Cabinet and the Council's Committees including Scrutiny Committees, Project and Programme Boards and management groups. These reports can be found on the [Bexley.gov.uk](https://www.bexley.gov.uk) website.

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<b>Issue to be Addressed</b>	<b>Health &amp; Safety of Council Properties</b>
<b>Responsible Officer</b>	<b>Director of Finance and Corporate Services</b>
<b>Details</b>	This issue highlights a potential risk of non-compliance with Health & Safety regulations within properties owned and leased by the Council and the compliance management arrangements that ensure all properties are safe for residents, tenants, visitors and staff. The Council receives external accreditation through ISO45001 which is reviewed every six months, and this has and continues to be maintained. Good progress has been made since 2021/22 however further work needs to take place to give the level of internal assurance required at a more detailed and operational level.
<b>Planned Actions 2023/4</b>	<ul style="list-style-type: none"> <li>• Restructure of Property &amp; Facilities Management and Health &amp; Safety functions to be consulted and implemented. The focus of the restructure is Property &amp; Facilities Management and will move more work into the corporate function for better oversight and management and will also include a refined schedule of roles and responsibilities for services managing buildings.</li> <li>• A standardised site survey will be completed on a regular basis, based on property, by all Property &amp; Facilities Management and Health &amp; Safety staff. This will allow the triangulation of the information held corporately, by individual services and pick up current issues.</li> <li>• New opening and closing checklists for all properties are being rolled out and their use is being monitored through the Asset Management System (Tech Forge).</li> <li>• All compliance monitoring arrangements will be moved corporately for the Council's non-residential estate and leased in properties. This will ensure consistent oversight and management, and assurance statutory tests have been completed, and remedial works have been commissioned.</li> <li>• Stock condition surveys are currently underway and will be completed by the summer which will inform a programme of capital investment over the medium term for the Council.</li> <li>• The Asset Management system (Tech Forge) will receive a number of process and customer journey</li> </ul>

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Issue to be Addressed	Health & Safety of Council Properties
	<p>improvements to ensure more automated processes are in place for fault reporting and the management information requirements are met.</p> <ul style="list-style-type: none"> <li>• Monthly reporting on staff completing their H&amp;S Mandatory Training will be shared corporately to the Extended Leadership Team.</li> <li>• Housing Services will continue to manage the residential stock and performance on statutory compliance will continue to be monitored through corporate performance indicators.</li> </ul>
<b>End of Year Review 2023/24</b>	<ul style="list-style-type: none"> <li>• The Council maintained its ISO450001 accreditation during 2022/23 and 2023/24 and they have commented on the work of the Council in moving forward H&amp;S management especially in relation to Property Services.</li> <li>• The Property &amp; Facilities Management department was restructured and includes corporate H&amp;S.</li> <li>• Better use of the Asset Management system (Tech Forge) to automate and monitor processes and produce management information.</li> <li>• Compliance monitoring arrangements have been further centralised for non-residential estate and leased in properties and introduced as a key performance indicator. This has ensured consistent oversight and management, and assurance statutory tests have been completed, and remedial works have been commissioned.</li> <li>• Stock condition surveys have been completed, and a draft capital programme is in place to address the points raised for 2023/24 and for the subsequent ten years. This was provided to Finance &amp; Corporate Services Overview and Scrutiny Committee in February 2023.</li> <li>• Monthly reporting on staff completing their H&amp;S Mandatory Training is being shared corporately through Performance Reporting.</li> <li>• Housing Services have continued to manage the residential stock and performance on statutory compliance will continue to be monitored through corporate performance indicators.</li> </ul>
<b>Planned Action 2024/25</b>	<p>This issue will remain <b>open</b> and will be carried forward to 2024/25.</p> <ul style="list-style-type: none"> <li>• From quarter two all Property Budget-will be centralised within Finance &amp; Corporate Services.</li> <li>• The performance indicator suite for H&amp;S compliance needs to be broken into individual elements to provide further assurance.</li> </ul>
<b>End of Year Review 2024/25</b>	<ul style="list-style-type: none"> <li>• The Corporate Landlord model was agreed and workstream programme developed. The Corporate Landlord programme was incorporated into the wider council-wide Transformation programme.</li> <li>• An Asset Board was established to ensure a corporate approach to asset management planning for the Council as well as act as a Programme Board for the Corporate Landlord programme. The Property and FM/Estates team was restructured and on an interim basis the Head of Property Services &amp; Facilities Management has been separated into two separate roles.</li> </ul>

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<b>Issue to be Addressed</b>	<b>Health &amp; Safety of Council Properties</b>
	<ul style="list-style-type: none"> <li>• The Council has continued to be audited and maintained its ISO450001 accreditation for Health &amp; Safety in the Workplace.</li> <li>• Regular reporting and review by CLT, Finance &amp; Corporate Services Overview and Scrutiny Committee and General Purposes &amp; Audit Committee have been in place.</li> <li>• Key health and safety policies reviewed and drafted.</li> <li>• Budget <u>in excess of</u> £9.5 million for the Corporate Capitalised Building Maintenance Programme (a rolling programme including health and safety) agreed for 2024/25-2028/29, with additional funding for waste services.</li> </ul>
<b>Planned Action 2025/26</b>	<ul style="list-style-type: none"> <li>• Deliver the 2025/26 element of the Asset Management Strategy.</li> <li>• Use the Major Projects team to strengthen building based health and safety compliance.</li> <li>• Set up a new Corporate Health &amp; Safety Board from June 2025. The Chief Executive will be the chairman and representation by all Directorates will be at the Director or Deputy Director level. The Board will oversee policy development and compliance, audits for health and safety and compliance.</li> </ul>

<b>Issue to be Addressed</b>	<b>Children's Services Financial Control and Management Oversight</b>
<b>Responsible Officer</b>	<b>Director of Children's Services</b>
<b>Details</b>	Accurate forecasting of service demand and accurate budget management is necessary to ensure that the Council can effectively manage its budget. Given the wider economic pressures faced by the Council in 2023/24 and beyond, it is vital that existing budgets are managed, and pressures identified early in the financial cycle to ensure mitigations can be implemented.
<b>Planned Action 2023/24</b>	<ul style="list-style-type: none"> <li>• A financial improvement plan is being established for Children's Services to address issues within budget management and demand forecasting.</li> <li>• The training needs of budget holders are being established, and appropriate support and training will be provided to enable Officers to manage their budgets.</li> </ul>
<b>Planned Actions 2024/25</b>	<ul style="list-style-type: none"> <li>• The financial management plan will continue for Children's Services to address issues within budget management and demand forecasting for 2024/25 with attendance at meetings including the Director of Finance &amp; Corporate Services.</li> <li>• Further training for budget managers will be put in place.</li> <li>• The roll out of ContrOCC for Children Social Care will be finalised to allow more accurate financial management recording of all committed and actual expenditure on care packages which in turn will support financial forecasting.</li> </ul>
<b>End of Year Review</b>	This issue is now <b>closed</b> as a significant governance issue.

## London Borough of Bexley Statement of Accounts 2024/25

<b>Issue to be Addressed</b>	<b>Setting a balanced budget for 2024/25</b>
<b>Responsible Officer</b>	<b>Director of Finance and Corporate Services</b>
<b>Details</b>	A balanced budget was set for 2024/25 and agreed by full Council based on the planning assumptions within the Medium-Term Financial Strategy. There continues to be a pressure over the medium term and a balanced budget will need to be set for 2025/26. Uncertainty around many aspects of the future funding model for Local Government still remain a challenge in the medium term and there is no certainty to date from the new government. The Council continues to face increased levels of demand and cost exposure. The Council needs to better align the Medium-Term Financial Strategy with the Corporate Plan and embed a culture of transformation and five year service planning.
<b>Planned Action 2024/25</b>	<p>Work will continue across the Council to embed effective budget management processes to ensure that financial forecasts are accurate and link back to the activities of individual services.</p> <ul style="list-style-type: none"> <li>• The Director of Finance and Corporate Services will monitor and report to Members regularly on the in-year budget monitoring position and the Medium-Term Financial Strategy through Public Cabinet, Scrutiny and wider briefings.</li> <li>• Budget Managers will manage their budgets within agreed parameters and put in place recovery plans where this cannot be achieved.</li> <li>• Modelling and analysis of inflationary pressures will be undertaken to understand their impact on the Medium-Term Financial Strategy.</li> <li>• A programme to embed five year service planning and alignment of wider 'Resources' will commence and have an initial review by Council in March 2025.</li> </ul>
<b>End of Year Review</b>	A balanced budget for 2024/25 was approved by Cabinet in March 2024.
<b>Planned Actions 2025/26</b>	This issue is <b>closed</b> as a balanced budget was set for 2024/25. Due to the uncertainty regarding Council funding and the wider economic issues developing, a new significant governance issue regarding the financial challenges faced will be established for 2025/26 which include increasing demand for the services the council provides, high inflation, supplier failure and interest rate rises.

**SECTION B – Governance Issues and Challenges for 2025/26**

The 2024/25 AGS has identified three governance challenges for 2025/26 where improvements in Bexley governance arrangements would enable the Council to best meet those challenges. Two challenges are shown below and the third is the Property Health and Safety challenge carried forward into 2025/26 and reported above.

<b>Issue to be Addressed</b>	<b>Setting a Balanced Budget for 2025/26</b>
<b>Responsible Officer</b>	<b>Director of Finance and Corporate Services</b>
<b>Details</b>	<ul style="list-style-type: none"> <li>• Budget, Capital Management Strategy, Treasury Management Strategy and Capital Programme for 2025/26</li> <li>• The Director of Finance and Corporate Services will monitor and report to Members regularly on the in-year budget monitoring position and the Medium-Term Financial Strategy through Public Cabinet, Scrutiny and wider briefings</li> <li>• Budget Managers will manage their budgets within agreed parameters and put in place recovery plan where this cannot be achieved.</li> <li>• Modelling, stress testing and analysis of inflationary pressures to understand the impact of inflation, demand for services, income and expenditure on the Medium-Term Financial Strategy.</li> <li>• There is significant uncertainty to the future of local government funding. The Council are expecting from the government in 2025/26 the business rates review, a multi-year settlement and a fair funding review. The impact of which is unknown, and timescales are unclear which presents a risk to the Council.</li> </ul>
<b>Planned Action 2025/26</b>	<ul style="list-style-type: none"> <li>• Continue to review the Medium Term Financial Strategy 2025/26 to 2028/29.</li> <li>• Continue to lobby the government for the best deal for Bexley and to maximise funding opportunities.</li> </ul>

<b>Issue to be Addressed</b>	<b>Impact of the Transformation Programme on the Council</b>
<b>Responsible Officer</b>	<b>Chief Executive</b>
<b>Details</b>	The Transformation initiative and programmes will play a key part in the Council's best value duty under Part 1 of the Local Government Act 1999, particularly in the areas of finance, service delivery, governance and culture. The duty requires a best value authority to <u>make arrangements</u> to secure continuous improvement in the <u>ways its</u> functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Bexley's Transformation programme is designed to address multiple challenges, improve efficiency and achieve long-term savings as well as bringing about a change in organisational culture.

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	<p>Delivery of the Transformation programme will incur costs and will necessitate the use of existing staff and resources at a time when finances are stretched. Bexley is committed to delivering the Transformation programme in order to achieve its long-term strategic aims and to improve its long-term financial stability.</p>
<p><b>Planned Action 2025/26</b></p>	<ul style="list-style-type: none"> <li>• Provide a paper in July 2025 to Public Cabinet, setting out the Council’s approach to Transformation and follow this with quarterly updates.</li> <li>• Continue with a Transformation Board for 2025/26 onwards to oversee development of the programme and the business cases and their delivery. Report by exception to the Resources Board.</li> <li>• Ensure the impact of the Transformation Programme is reflected in the Medium Term Financial Strategy at the correct time to show the anticipated financial benefit.</li> <li>• Ensure resources and capacity is made available to support the delivery of the programme and ensure benefits and impact are monitored.</li> <li>• Continue to review the Transformation Programme and new ways of working to ensure the programme continues to align to the Council’s governance arrangements or the governance arrangements are updated as necessary and there is clear and transparent decision making.</li> </ul>

## Glossary

<b>Accounts</b>	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.
<b>Actual</b>	The final amount of expenditure or income which is recorded in the Council's accounts.
<b>Actuarial Gains and Losses</b>	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.
<b>Assets</b>	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.
<b>Balance Sheet</b>	A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.
<b>Budget</b>	A statement of the Council's plans for net revenue and capital expenditure over a specified period of time
<b>Capital Expenditure</b>	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
<b>Capital Receipts</b>	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

<b>Collection Fund</b>	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.
<b>Community Assets</b>	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.
<b>Council Tax</b>	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.
<b>Current Service Cost (Pensions)</b>	The increase in the present value of a defined scheme's liabilities, expected to arise from employee service in the current period
<b>Deferred Credits</b>	Income still to be received (or applied in the accounts) where deferred payments (or application) have been allowed.
<b>Depreciation</b>	The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.
<b>Events after the Balance Sheet date</b>	Those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.
<b>Exit Packages</b>	Can include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs
<b>Fair Value</b>	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.
<b>Finance Lease</b>	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

<b>General Fund (GF)</b>	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.
<b>Heritage Assets</b>	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for its contribution to knowledge and culture.
<b>Impairment</b>	A reduction in the value of a fixed asset below its carrying amount on the balance sheet.
<b>Infrastructure Assets</b>	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.
<b>Investment Assets</b>	Those assets that are held solely to earn rentals or for capital appreciation or both.
<b>Lease</b>	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.
<b>Liabilities</b>	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.
<b>Minimum Revenue Provision</b>	A prudent annual provision has to be made for the repayment of debt in accordance with Capital Finance Regulations
<b>Net Book Value</b>	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.
<b>Net Defined Liability</b>	Also known as the net pension liability.
<b>Net Service Expenditure</b>	Comprises of all expenditure less all income, other than income from council tax and revenue support grant, in respect of a particular service
<b>Non-Current Asset</b>	Any asset which is not easily convertible to cash, or not expected to become cash within the next year.

<b>Non-Domestic Rates</b>	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.
<b>Non-Distributed Costs</b>	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
<b>Non-specific Grant Income</b>	Grant that cannot be attributed to a specific revenue Service (e.g. New Homes Bonus).
<b>Past Service Cost</b>	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.
<b>Precept</b>	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).
<b>Prior Period Adjustments</b>	Those adjustments applicable to prior years arising from the correction of material errors
<b>Provisions</b>	Amounts set aside for liabilities of uncertain timing or amount that have been incurred.
<b>Public Works Loans Board</b>	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.
<b>Remuneration</b>	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).

<b>Reserves</b>	<p>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.</p>
<b>Revenue Expenditure</b>	<p>The day-to-day running costs of services including salaries, running expenses and capital charges.</p>
<b>Revenue Support Grant</b>	<p>A general grant paid by the Government to help finance the cost of local government services.</p>