



Annual Accounts

Westminster City Council • 2022/23



City of Westminster



City of Westminster
GREEN

City of Westminster
SMARTER

City of Westminster
OXFORD STREET DISTRICT

City of Westminster
FUTURE

City of Westminster
TOGETHER

OXFORD STREET DISTRICT

OXFORD STREET DISTRICT

FUTURE

LEBENHAMS

OXFORD STREET DISTRICT

20

Streatham Station 159

LYZ18

LF19

BUS STOP

BUS

Contents

1. ANNUAL GOVERNANCE STATEMENT 2022/23

Annual Governance Statement 2022/23
Page 005

2. WRITTEN STATEMENTS AND EXECUTIVE DIRECTOR'S NARRATIVE REPORT

Executive Director's Narrative Report
Page 017

Independent Auditor's Report to the Members of Westminster City Council
Page 029

Statement of Responsibilities for the Statement of Accounts
Page 038

3. CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement
Page 040

Movement in Reserves Statement
Page 042

Balance Sheet
Page 044

Cash Flow Statement
Page 046

4. NOTES TO THE ACCOUNTS

Supporting the Core Financial Statements
Page 047

Supporting the Comprehensive Income and Expenditure Statement
Page 055

Supporting the Movement in Reserves Statement
Page 083

Supporting the Balance Sheet
Page 092

Supporting the Cash Flow Statement
Page 144

Other Notes
Page 148

5. GROUP ACCOUNTS

Group Accounts and Explanatory Notes
Page 160

6. SUPPLEMENTARY ACCOUNTS AND NOTES

Housing Revenue Account (HRA) Statements
Page 178

Housing Revenue Account (HRA) Explanatory Notes
Page 181

Collection Fund Accounts
Page 183

Collection Fund Explanatory Notes
Page 186

7. PENSION FUND ACCOUNTS

Pension Fund Accounts and Explanatory Notes
Page 190

8. GLOSSARY AND CONTACTS

Glossary of Terms
Page 230

Note References
Page 236

Contact Information
Page 238

The Statement of Accounts for Westminster City Council for the year ended 31 March 2023 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.



1.

Member
Preface
and Annual
Governance
Statement
2022/23

Annual Governance Statement 2022/23

HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

INTRODUCTION

The CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- Their business is conducted in accordance all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.

The Council's Audit and Performance Committee reviews governance arrangements, risk registers and quarterly performance reports. Their role is to recommend improvements or interventions if expected performance is not being achieved, or if gaps in current governance arrangements have been identified.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at Westminster City Council are:

Council, Cabinet and Leader

- Provide leadership, develop and set policy
- Develop and set policy to maintain the City's global standing
- Support the City's diverse communities and distinctive neighbourhoods to thrive and succeed

Decision making

- All meetings are held in public
- Decisions are recorded on the Council website
- All Council decisions are supported by detailed officer reports

Risk management

- Risk registers identify operational and strategic risks
- Key risks are considered by the Executive Leadership Team (ELT) every quarter
- Monitors financial outcomes, governance of group companies and key partnership arrangements

Scrutiny and Review

- Scrutiny committees review Council policy and can challenge decisions
- Audit and Performance Committee reviews governance, costs vs budget and delivery of agreed plans

Executive Leadership Team (ELT)

ELT, led by the Chief Executive, is responsible for the overall management of the Council

- Head of Paid Service is the Chief Executive who is responsible for co-ordination of the Council's functions, the number and grades of staff required by the Authority for the discharge of their functions, and the appointment and proper management of the Council's staff.
- Executive Director of Finance and Resources is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.
- Monitoring Officer is the Council's Director of Law & Governance who is responsible for ensuring lawfulness and fairness of decision-making and promoting the highest standards of ethical conduct for members and officers.

The Council has arrangements in place to meet all relevant requirements of the CIPFA/Solace Framework. The 7 “core principles” underpinning the Framework are set out below together with a summary of new or enhanced arrangements introduced in 2022/23.



Annual Governance Statement (continued)

This table sets out in more detail how the Council is meeting these seven requirements in practice.

<p>PRINCIPLE 1 Behaving with integrity, and respecting the rule of law</p>	<p>At Westminster, Code of Conduct for members and officers reinforce a public service ethos and high standards of behaviour. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures and a Procurement Code. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal requirements. The three principal statutory officers meet regularly to review matters of corporate significance. The Council's Anti-Fraud & Corruption Strategy 2020-23 sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately. The Council's strategy aligns to the national strategy published by the Local Government Association (LGA). 3.3 The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's Whistleblowing at Work Policy and the Fraud Response Plan. In August 2022 a Statutory Officer Group was established. The Group consists of the Council's Chief Executive (Head of Paid Service), the s151 Chief Finance Officer and the Monitoring Officer (the 3 Principal Statutory Officers). 5.11 The Statutory Officer Group will continue to meet regularly throughout the year. The group is intended to ensure the effective discharge of the Council's business and functions. The key objective is to make an effective contribution to embedding a collaborative, high trust, high performance Council culture, one which celebrates equality and diversity, and which serves as an exemplar of good governance and the highest standards of conduct amongst officers and members. 5.12 The Principal Statutory Officers are committed to continuous learning and improvement based on best practice from other authorities and guidance from sector leaders.</p>
<p>PRINCIPLE 2 Ensuring open and comprehensive stakeholder engagement</p>	<p>The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The annual City Survey informs community engagement strategies as well as service and budget priorities. The Council publishes a quarterly magazine and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube.</p> <p>The Council also holds regular public engagement events (Residents Panels) to allow residents to meet and discuss local issues with Cabinet Members and</p>

	<p>senior officers, and it collects resident feedback on proposed service or policy changes through consultations. The Communities department now seeks to widen participation to be better able to be accessed by all our communities. The Council's priorities align with the organisational objectives to include Communities within the decision-making processes and a full range of engagement methods will be co-created with communities to improve this.</p>
<p>PRINCIPLE 3 Defining outcomes in terms of sustainable economic, social and environmental benefits.</p>	<p>The strategic vision for Westminster is set out in the Fairer Westminster Strategy along with a range of strategic outcomes aligned to five strategic themes – Fairer Communities, Fairer Environment, Fairer Economy, Fairer Housing and Fairer Council. The strategy details plans for tackling inequalities, transitioning to a net zero carbon city, supporting people of all ages to live well, building affordable housing, creating high-quality public spaces, and ensuring Westminster's economy thrives and that residents benefit from it. The council uses key metrics and other functions within the council such as quarterly performance and risk management, corporate programme management, and budget monitoring to report and monitor progress against deliverables and achieving our desired outcomes.</p>
<p>PRINCIPLE 4 Determining the intervention necessary to achieve intended outcomes</p>	<p>Quarterly performance reports track the performance of priority Council activities and services through a suite of corporately agreed key performance indicators and also considers risks, achievements, and issues. The report also highlights remedial actions being taken where slippage or under-performance does occur. Senior Management and Members (via Scrutiny Committees and the Audit and Performance Committee), ensure the Council remains focused on achieving its agreed objectives and priorities. Reporting on delivery of major change programmes happens at a dedicated monthly Change Board which is made up of ELT members. All programmes and projects are aligned to the Fairer Westminster strategic themes and outcomes. ELT also meet at a dedicated quarterly Performance Board. This provides an update on how the Council are progressing against our strategic indicators and outcomes and to ensure exceptions or areas of challenge are considered. The Council has recently published its Fairer Westminster delivery plan outlining its priorities under the new administration. This will be monitored on a quarterly basis.</p>

<p>PRINCIPLE 5 Developing capacity, including the capability of leadership and individuals within the Council</p>	<p>The Council develops and empowers our employees to deliver the best possible outcomes for our residents and communities. The Council achieves this through its people strategy The Westminster Way (TWW), which focuses on the culture that we all aspire to and has three pillars: Personal development – “Everyone has talent”; Value our people and diversity – “Everyone is valued”; and The Westminster Way of working – “Everyone is a leader”. Key programmes and frameworks include the Personal Development framework and various talent development programmes, which support our talent and assist them in their next career steps. Alongside this are our Westminster Way Hub, Career Development portal (Career Zone) and Learning & Development offer (Learning Zone) which provides various workshops, online learning and support tools to enable employees to take a lead in their roles and in leading others.</p>
<p>PRINCIPLE 6 Managing risks and performance through strong internal control and financial management</p>	<p>Corporate risk registers are updated quarterly by all directorates, with significant risks reviewed by senior management and members. ELT consider strategic risks at a dedicated performance board that meets once a quarter. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary, with target deadlines agreed with action owners. A quarterly performance report tracks the performance of priority Council activities and services through a suite of corporately agreed key performance indicators. This view of performance is also considered taking account of risks, achievements and issues. The report also highlights remedial actions being taken where slippage or under-performance does occur. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.</p>
<p>PRINCIPLE 7 Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>The Council is committed to becoming an inclusive employer; Equality and Equity is one of the Council’s top priorities. We have set ambitious targets to close the Council’s Pay Gaps by 2025 to create a workforce which is representative of the communities we serve. Our Fairer Strategy sets out our commitment to reduce inequalities by improving services for local communities, for example; supporting and safeguarding the most vulnerable children and adults, ensuring housing needs are met, creating employment opportunities and ensuring inclusion within our schools to create better outcomes for our children. The Council follows the Government Communication Service guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers, minutes of meetings, key decisions, registers of interests, gifts and hospitality, expenditure over £500 and contracts awarded over £5,000 are published on the Council’s website.</p>

Annual Governance Statement (continued)

REVIEW OF EFFECTIVENESS

ELT is responsible for putting in place adequate governance arrangements and effective systems of internal control. The Council uses several ways to review and assess the effectiveness of governance arrangements, as set out below:

Inspections and assessments

Ofsted have carried out inspections in 2022/23. In June 2022 a focused visit carried out by Ofsted reported “Children at risk of extra-familial harm receive excellent support and services in Westminster”. Children services had the joint area assessments for SEND in 2020 which reflected strong local practice, there is no outcome judgement for these inspections.

Ofsted carried out an inspection of Westminster Adult Education Service (WAES) in 2022/23, awarding a “good” rating. The Ofsted report can be read on their website via the link: https://www.waes.ac.uk/resources/documents/PDF-store/key_policies/2022-23/Ofsted-Report-2022.PDF.

Assurances from Internal and External Audit

The annual report and opinion of the Head of Internal Audit for 2022/23 states that the Council’s internal control environment and systems of internal control in the areas audited were adequate except for the following areas:

Issues Identified for 2022/23	Planned Action
Children’s Services – Placements Overpayments	Additional manual checks were put in place until an improved version of the case management system could be implemented at the end of the financial year.
Adult Social Care – Continuing Health Care	Reviewing Continuing Health Care social work capacity to ensure it is sufficient for effective joint working with the Integrated Care Board on assessments. Improvements to the consistency and timeliness of recording information and documentation on the case management system, and ensuring an appropriate escalation process is in place where assessments / reviews are outstanding.
Risk Management	This audit reviewed the effectiveness of how Strategy & Performance and other Directorates and Services manage and report risk both corporately and locally as well as identifying appropriate collaboration between services. The review assesses how the Council and Directorates proceed when risk reporting is obtained and escalated to them and provide overall assurance on whether risk is managed effectively within the council. Potential improvements have been identified which are being reviewed prior to an action plan agreed.

The Council’s external auditor, Grant Thornton, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. Grant Thornton presented their findings to the Council’s Audit and Performance Committee in February 2023, in which they anticipated providing an audit opinion that the financial statements gave a true and fair view of the financial position of the group and Authority as at 31 March 2022. However, they were unable to conclude the audit and formally issue an audit certificate until they have completed work on outstanding matters, notably the work necessary to issue the Whole of Government Accounts Assurance Statement and Value for Money review.

Annual Governance Statement (continued)

Nationwide delays to the sign-off of the 2021/22 Statement of Accounts have created a potential accounting issue for the 31 March 2022 IAS19 reports. The 2022 IAS19 disclosure is based on a roll-forward calculation of the 2019 actuarial valuation, with the results of the 2022 valuation not available at the time of accounts production. Given the 2022 valuation results are now available, auditors have sought to gain evidence that the position at 31 March 2022 is not materially misstated. As per the revised IAS19 report, the Council's overall liability as at 31 March 2022 has remained stable at £560m, with a small net reduction of only £551k. The Council's Statement of Accounts for 2021/22 will not need to be amended as at 31 March 2022.

Compliance with the Financial Management Code

The self-assessment review against the CIPFA Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. All local authorities were required to demonstrate full compliance against the 6 principles within the Code by 31 March 2022. It is the opinion of the Chief Finance Officer that the Council is financially resilient and delivers value for money. However, in striving for financial management excellence, the Council has developed a set of actions for improvement.

Work has commenced on the improvements identified whilst ensuring alignment to Westminster's strategic outcomes outlined in the Fairer Westminster Strategy including:

- Reviewing the format and usefulness of performance reporting and how it aligns with the Fairer Westminster Strategy, including reviewing key KPIs as outlined in Principles 3 and 4 above
- Reviewing the current business partnering model, enhancing the efficiency and usefulness of the process. Provided refresher training for officers at all levels of the organisation who have financial responsibilities with the outcome of improving financial literacy and strengthening the accountability of budget managers and senior officers, which supports financial sustainability.
- Continuing to ensure the completeness of the contracts register to ensure it contains details of all contracts over £100k and all contract owners

Self-assessment and review of key performance indicators

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected.

The Council uses several key outcome indicators to confirm the adequacy of governance arrangements:

Key performance indicators	Outcomes 2022/23
Formal reports by s151 or Monitoring Officer	None issued
Outcomes from Standards Committee or Monitoring Officer investigations	There have been no Monitoring Officer or Standards Committee investigations during the year
Proven frauds carried out by councillors or members of staff	No proven frauds involving councillors or members of staff in 2022/23
Objections received from local electors	None in 2022/23

Key performance indicators	Outcomes 2022/23
Local Government Ombudsman referrals upheld in line with the London average	<p>Total number of LGSCO complaints/enquiries received - 108</p> <ul style="list-style-type: none"> • Cases referred back to Council – 43 • Cases closed after initial enquiries - 38 • Formal investigations – 27 (23 upheld, exceeding the average for similar organisations of 71%)*
Internal audit reports	<p>One limited assurance audit has been issued in the year: Children’s Placements Systems Integration.</p> <p>Due to the misalignment of information held on the two systems used to manage placements, there have been historic overpayments to some placement providers (dating back to 2017). Additional manual checks were put in place during the year and an improved version of the case management system was implemented prior to the end of the financial year. This improved system will automate some processes as well as holding relevant placement information in one place.</p> <p>The effectiveness of the improved system and the progress made to recover overpaid amounts will be reviewed in 2023/24.</p>
Group activities	<p>No governance issues to address in 2022/23. Financial information provided by Group companies has been subject to regular review and both officers and elected members have attended company Board meetings throughout the year. In 2021/22 a shareholder committee was introduced to further improve governance oversight across all of Westminster’s subsidiaries. Details of the Committee’s Terms of Reference can be found here: <i>Shareholder Committee Terms of Reference FIM</i></p>

* These figures relate to 2021/22. The Local Government Ombudsman will publish the 2022/23 referrals upheld in July 2023.

KEY GOVERNANCE ISSUES

Last year’s Annual Governance Report highlighted a key area for improvement. The table below sets out action taken to address these issues during 2022/23:

Issues Identified in Prior Years	Performance in 2022/23
<p>Food Safety Service</p> <p>The service had insufficient resources to deliver the expected service levels resulting in a backlog of work, which was further exacerbated by the challenges arising from the Covid-19 pandemic.</p>	<p>Further progress has been made to address the recommendations previously made. Due to a restructuring of the service and the implementation of a new case management system, not all recommendations could be implemented during the year and further follow up will be undertaken in 2023/24 to evaluate the effectiveness of the changes put in place.</p> <p>It should be noted that there are regular ‘temperature checks’ undertaken by the Food Standards Authority (FSA) and there is ongoing dialogue with the FSA about the service plan to ensure that required inspections are completed.</p>

Other key strategic risks for 2022/23 have been identified as follows:

Issues Identified for 2022/23 (from risk register)

Planned Response

Cost of living pressures

The rising cost of living continues to present a significant challenge to living standards, and whilst inflation is forecasted to ease over the next year, it has reached its highest level in 41 years. Government support is also being scaled back and rising interest rates will feed through into higher mortgage costs. Around 32,000 households in Westminster are particularly exposed because they are low-income workers or in receipt of benefits (WCC Economic Analysis, 2022).

The Council allocated £10m on a variety of activities to support households through these crises including proposals (including Winter in the City). On top of this, an additional £1m of support was provided in 2022-23, and a further £1m for next financial year 2023/24 which reflect the extent of the cost of living crisis.

Providing affordable and social housing remains a key issue despite a number of successful initiatives to date

To accelerate capacity the Council has set up Westminster Community Homes Limited, Westminster Housing Investments Limited, and Westminster Housing Developments Limited, to work in partnership with the private sector and deliver its affordable and social housing programme. The Council will be reviewing and adapting its City Plan policies, corporate property management and regeneration schemes to maximise the affordable and social housing opportunities delivered across the City.

Shortage of Social Workers

There continues to be a national shortage in attracting and recruiting experienced Social Workers. According to the Department for Education's annual workforce census, released in February 2023, there has been an 8% decrease in the number of cases holding social workers since 2020 across the nation. The Council's vacancy rate is 4% (national vacancy rate is 20%). The national census also showed that the use of agency workers had soared is at its highest level since the data started being collected. The Council's reliance on agency is 8% (national rate of 17.6%, and a reduction from 15% in September 2020).

We are developing a Workforce Development Strategy which seeks to ensure we attract, retain and develop high quality social workers to meet the growing demands on Family Services. In recent years we have rolled out the Social Work Apprenticeship, and the first cohort of Social Work apprentices will be graduating in 2023.

Increasing complexity of Children's social care

In addition to a 44% rise in numbers of children with a Child Protection Plan compared to the previous year, Children's Social Care services are seeing greater complexity in social worker casework and external pressures on the service. Currently, caseloads are such that workers can work intensively with families, however this is threatened by increase in complexity, rising caseloads and recruitment pressures. Significant delays in care proceedings concluding within family courts puts pressure on services to hold and manage risk. We are seeing a rise in children and young people coming into care with complexities and links to Serious Youth Violence, which puts serious pressure on placements at a time where there is a national shortage and placement costs are high.

We work with London Commissioning Alliance with other London boroughs to collectively address placement sufficiency and cost.

Climate Emergency and Carbon Reduction. Significant challenge in meeting our 2030 and 2040 net zero targets for the Council and the wider city respectively.

There will be challenges in getting businesses and residents to reduce their carbon footprints and the Pimlico District Heating Undertaking (PDHU) will require substantial investment as it is the largest element of work to reduce carbon emissions in our social housing.

The Council has a Climate Emergency Action Plan and additional funding will need to be secured. Part of this will come from the Westminster Green Investment, a new scheme which gives residents a chance to invest in sustainable projects and green initiatives within the local community to support the council's targets. The Westminster Green Investment is aiming to raise up to £1 million in the first round, to help fund a range of green projects within the local community to make it a greener, cleaner and healthier place for everyone to live.

Issues Identified for 2022/23 (from risk register)**Planned Response**

The impact of macroeconomic impacts on Council services and communities across Westminster

The Medium-Term Planning process is in place as a mitigating action to ensure the Council balances its budget and identifies savings that can be made.

Annual Governance Statement (continued)

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit as requiring improvement
- Ensuring that effective sovereign and shared services arrangements are put in place
- Enhancing performance reporting to focus on key risks and areas for improvement
- Using the City Survey to enable directorates to plan how they will improve services for local people



A handwritten signature in black ink that reads "Adam Hug".

Cllr Adam Hug

Leader of Westminster City Council

7 December 2023



A handwritten signature in black ink that reads "Stuart Love".

Stuart Love

Chief Executive of Westminster City Council

7 December 2023



2.

Written
Statements
and Executive
Director's
Narrative
Report

Executive Director's Narrative Report

WESTMINSTER CITY COUNCIL OVERVIEW AND EXTERNAL ENVIRONMENT

1. THE CITY OF WESTMINSTER

As home to the Monarchy, Government, almost 11,000 listed buildings and the West End, Westminster is politically, culturally and economically significant on a regional, national and international scale. Footfall in the City reduced significantly during the various national lockdowns in 2020 and 2021, since then tourism and commercial activity has gradually been increasing but not quite to pre-Covid levels. Westminster is home to over a quarter of a million people, rich in culture and diversity and living in distinctive and well-known neighbourhoods, which also provide important social and economic functions for their local areas. The City also has a large transient population, which brings considerable economic benefits but also places a strain on the city's infrastructure, environment and resources.

Westminster is seen as an affluent place, but it does face significant challenges: responding to a highly mobile population, tackling wealth and other inequalities, and managing increasing demand for services.

In June and September 2022, the nation gathered to celebrate and pay respects to Queen Elizabeth II on her platinum jubilee and state funeral respectively. As host to both state occasions, Westminster found itself in the spotlight, delivering services that ranged from street cleaning, litter collection and providing additional toilet facilities to books of condolence, public proclamations, and crowd and traffic management.

2. MEDIUM TERM FINANCIAL OUTLOOK

This year has seen significant economic instability both within the UK and globally. The Office for Budgetary Responsibility (OBR) has noted that the medium-term fiscal outlook for the UK has worsened since March 2022 due to a weaker economy, higher interest rates and more widespread unemployment. Inflation rose to over 10% between January and March 2023.

The impact of high inflation and rising interest rates on household budgets has been significant. In July 2022 the Council launched a Cost-of-Living Strategy. (see WWW.WESTMINSTER.GOV.UK/COST-OF-LIVING-SUPPORT) setting out a plan to help residents through the crisis. This was followed by the Council declaring the cost-of-living crisis an emergency in September 2022.

This degree of economic instability also creates uncertainty for public sector finances. Westminster City Council always aims to hold a sufficient level of general fund reserves to ensure that it remains financially resilient should a recession occur.

The Council has continued to review its Medium-Term Financial Plan (MTFP) in recognition of the changing financial environment, the cost-of-living crisis and the Fairer Westminster strategy, launched in October 2022. Current strategic objectives are set out on page 19. The Council is committed to keep under review the services it provides, its delivery models and the outcomes they achieve, to secure ongoing finance resilience and value for money for residents.

Looking forward, the Council will continue to adopt a pro-active, evidence-led approach to prioritising its use of resources and will ensure that it responds

quickly to the emerging needs of residents, visitors, and businesses.

3. CURRENT FUNDING ISSUES

In November 2022 the Government's Autumn Statement set out a new broad policy direction in three key areas: economic stability, economic growth, and investment in public services. This was followed in December 2022 by a Policy Statement which provided local authorities with greater certainty over key aspects of their funding until March 2024. There are indications that Westminster's funding levels will reduce after 2024 as the Fair Funding Review is implemented. As part of the Levelling Up agenda, any future business rates growth generated in Westminster may be redistributed away from the capital after 2025.

Another funding issue is the result of 2021 Census data and the reported reduction in the population of Westminster. The Council is working with other authorities on the "Lost Londoners" campaign to highlight the disparities between the census (which was carried out during lockdown) and other population data. However, there is a risk that funding from Government could reduce on the basis of a lower population.

On 7 September 2021, the Government set out its new plan for adult social care reform in England. However, as part of the 2022 Autumn Statement the Government announced that this reform would be postponed until at least October 2025. Until further guidance is provided, future funding of Adult Social Care remains uncertain.



Westminster is a unique place, and we have included some important facts that show this...



205,087 people live in Westminster. 13% of the population is 0-15, 75% is 16-64, and 12% is 65+



40 schools are maintained by the council



Life expectancy is lower in Westbourne than in Knightsbridge & Belgravia



The council manages 20,788 homes – 11,769 tenanted and 9,019 leasehold



Westminster has more than 53,300 businesses



There are 11,000 listed buildings and structures including the Westminster World Heritage Site



Around 5% of the population identifies as gay, lesbian, bisexual or other non-hetero sexual orientation



74% of residents use English as their main language



25% of children live in poverty



The council's buildings and operations emit an estimated 41,413 tonnes of carbon dioxide

Executive Director's Narrative Report (Continued)

4. FAIRER WESTMINSTER STRATEGY 2022-2026

The Council launched its new Fairer Westminster Strategy in 2022, to set out the outcomes it wants to deliver for the city, spread across five Fairer Westminster themes. These include:

- **Fairer Communities** – Inequality is reduced, everyone feels safe, adults can stay healthy, community and voluntary sector organisations prosper, and Westminster remains a great place for children to grow up.
- **Fairer Environment** – Westminster is a net zero council by 2030 and a net zero city by 2040, air quality meets World Health Organisation guidelines, our streets are clean, recycling is increased, people are enabled to travel more sustainably, and people have access to high-quality services within 15 minutes from their homes.
- **Fairer Housing** – The housing needs of people are met through greener and more genuinely affordable housing, homelessness is reduced, private rented sector properties are well managed, and our tenants and lessees are consistently satisfied with our housing services and the quality and energy efficiency of our housing stock.

- **Fairer Economy** – Westminster remains economically successful, Oxford Street and the West End are revived and retain their position in the national economy, small businesses are supported to grow and remain, and residents have the right skills to take advantage of the city's employment opportunities

- **Fairer Council** – People can more easily find the information and services they need, the Council makes decisions more transparently, the Council is financially sustainable, and our procurement is responsible.

The Fairer Westminster strategy also sets out the values that will be embedded in the Council's ways of working to achieve them: openness and transparency, partnership and collaboration, and diversity and inclusion.

Some of the Council's key achievements in 2022/23 are set out on page 26 of this Narrative Report. Also, as part of our commitment to transparency, the Fairer Westminster Delivery Plan for 2023-24 was approved by Cabinet in March 2023. This sets out our plans for next year and beyond, including performance measures for all five key strategic themes. Further information can be found at www.westminster.gov.uk/delivering-our-plan-build-fairer-westminster

5. POLITICAL STRUCTURE 2022/23

Westminster City Council is a broad and complex organisation. Policies are directed by the political leadership (Leader and Cabinet) and implemented by the Executive Leadership Team (ELT).

The Council's political leadership consists of 54 councillors, representing 18 wards across the City. Currently 31 councillors are Labour Party members and 23 belong to the Conservative Party.

The Leader of the Council is Cllr Adam Hug. Cllr Hug is supported by two Deputy Leaders Cllr Tim Roca and Cllr Aicha Less who are also portfolio holders for Young People, Learning and Leisure and for Communities and Public Protection respectively. There are another six portfolio holders, together with four Committee Chairs and Member Champions for a range of issues including air quality, animal welfare and LGBTQ+.

Elected members have a statutory responsibility to set a balanced budget and to approve a financial policy framework prior to the start of each financial year. At Westminster, this comprises the Council's Medium-Term Financial Plan, Capital Strategy, HRA Business Plan and Treasury Management Strategy, which were all approved by Full Council in March 2022 for the financial year ended 31 March 2023.

Executive Director's Narrative Report (Continued)

6. EXECUTIVE LEADERSHIP TEAM

Councillors are supported by the Executive Leadership Team (ELT), which is headed by the Council's Chief Executive, Stuart Love. ELT is responsible for the overall management of the Council, for implementing Council policies once these have been agreed, and for day-to-day delivery of Council services. Including the Chief Executive, ELT is made up of nine officers, including the Bi-Borough Executive Director for Adults and Bi-Borough Executive Director for Children's. These officers carry out their statutory roles for both Westminster and the Royal Borough of Kensington and Chelsea.

As Executive Director for Finance and Resources, and the Council's Section 151 Officer, Gerald Almeroth is a member of ELT and is the lead officer responsible for managing the Council's financial affairs. This includes responsibility for preparing revenue and capital budgets for member approval each year, and for publishing the Council's annual financial statements.

7. FINANCIAL PERFORMANCE 2022/23

GENERAL FUND SERVICES

2022/23 Council Tax in Westminster was set at £468.54 for Band D properties, and a net budget of £185m was approved in March 2022. This included £16.7m of new savings from 2022/23 onwards through a combination of financing, commercial, transformation and efficiency activities. Councillors

also agreed a freeze in the general element of Council Tax and 1% increase for the Adult Social Care Precept.

2022/23 outturn position is a £3m underspend against budget (1.6%). Inflationary pressures, a significant reduction in planning income, and the increasing cost of temporary accommodation have been offset by increased investment income achieved through higher-than-expected interest rates.

The Council has continued to maintain strong financial management processes, with monitoring reports presented monthly to ELT and Cabinet members and quarterly to the Audit and Performance Committee.

HOUSING REVENUE ACCOUNT

The Council owns approximately 12,000 homes generating rental income of £79m in 2022/23 (£75m in 2021/22). Rental income together with other sources of funding such as grant income and charges for services and facilities, is held in a ring-fenced account referred to as the Housing Revenue Account (or HRA). The HRA is used to maintain and manage existing dwellings as well as to create new social housing. At 31 March 2023 the HRA held working balances of £19.5m, a slight increase of £0.2m compared to the previous year.

The HRA Business Plan and Investment Plan, approved in February 2022, supports capital investment on housing provision of £2.2bn over the next 30 years. This includes the regeneration of Church Street and

Ebury Bridge neighbourhoods and the provision of up to 1,100 affordable new homes. Both regeneration projects have progressed well during 2023/24, assisted by capital grants and contributions totalling £63m.

PENSION LIABILITIES

The City of Westminster Pension Fund is revalued every three years by an independent actuary to assess future liabilities and set employers' contribution rates. The most recent revaluation, as at 31 March 2022, assessed the Pension Fund as being 128% funded, compared to 99% funded in 2019. This is partly due to improved investment returns and partly the result of the Council making upfront payments into the Fund of £80m during 2021/22.

As a result, the Council's employer contribution rate has reduced from 17.9% of payroll costs to 17.5%, and further savings of approximately £100m are expected over the next three years. Coupled with changes to the discount rate, this improved funding position has reduced pension fund liabilities in the Council's Balance Sheet from £561m at 31 March 2022 down to just £85m at 31 March 2023.

Executive Director's Narrative Report (Continued)

PROVISIONS AND CONTINGENCIES

Westminster has the largest business rate income in the country and therefore needs to make the largest provision for successful business rate appeals. At 31 March 2023, the Council maintained a £131m provision for future business rate repayments which represented 94% of all provisions in the Balance Sheet.

The Valuation Office has recently revalued all business and non-domestic properties in England and Wales,

with new valuations taking effect from 1 April 2023. Provisions against these new revaluations will be reflected in the Council's financial statements for 2023/24.

8. MEDIUM TERM FINANCIAL PLAN: 2023/24 TO 2026/27

The Council approves a four-year Medium-Term Financial Plan (MTFP) as part of the budget-setting process each year. This MTFP is kept under regular review and updated as savings plans are delivered,

funding expectations change, and new spending pressures emerge.

The current MTFP forecasts a balanced budget for 2023/24. However, current forecasts for the next three years indicate a budget gap of £56.8m. This is after taking account of new savings proposals of £28.5m which have been identified over the four-year period to 2026/27.

Executive Director's Narrative Report (Continued)

9. CAPITAL STRATEGY

The Council's Capital Strategy for 2022/23 to 2026/27, approved in February 2022, drives an ambitious five-year capital investment programme totalling £2.75bn. This is funded by a combination of borrowing, developer contributions, and capital receipts from the sale of Right-to-Buy and other Council assets. Major projects in 2022/23 included:

- the provision of new affordable housing, as part of a plan to deliver 1,145 new homes by 2026,
- a range of regeneration and redevelopment schemes across the City (in partnership with Westminster Builds),
- improvements to public spaces in Oxford Street, the Strand, Aldwych and Queensway,
- new and improved leisure, adult social care and educational facilities,
- more commercial space for new and established businesses,
- Improved cycle paths, transport management systems, roads, bridges and footpaths.
- decarbonisation programmes for operational buildings and Council vehicles,
- improvements to temporary accommodation and support for rough sleepers.

The following table shows a summary of 2022/23 capital expenditure:

Directorate	2022/23 Expenditure Budget £m	2022/23 Income Budget £m	2022/23 Net Budget £m	2022/23 Outturn Expenditure £m	2022/23 Outturn Income £m	Net Outturn* £m	Expenditure Variance £m	Income Variance £m	Net Variance £m
Adult's	5.460	(0.860)	4.600	4.533	(0.163)	4.370	(0.927)	0.697	(0.230)
Children's	10.333	(10.281)	0.052	6.987	(6.977)	0.010	(3.346)	3.304	(0.042)
Growth, Planning & Housing	100.087	(6.673)	93.414	74.653	(18.619)	56.034	(25.434)	(11.946)	(37.380)
Innovation & Change	1.570	(0.020)	1.550	0.684	(0.003)	0.681	(0.886)	0.017	(0.869)
Environment and City Management	79.116	(19.209)	59.907	50.273	(18.347)	31.926	(28.843)	0.862	(27.981)
Finance & Resources	55.737	(5.127)	50.610	42.625	(3.507)	39.118	(13.112)	1.620	(11.492)
Westminster Builds	14.700	0.000	14.700	17.599	0.000	17.599	2.899	0.000	2.899
Total	267.003	(42.170)	224.833	197.354	(47.616)	149.738	(69.649)	(5.446)	(75.095)

*£31.926m of Capital Receipts and Direct Revenue Financing were also applied bringing the net outturn position to £117.812m.

Executive Director's Narrative Report (Continued)

10. CASHFLOW & ASSETS

Westminster City Council manages cashflows and assets of almost £10 billion by:

- Collecting over £2bn Business Rates, the largest amount in the country. The Council keeps only 4-5% of this.
- Collecting £119m Council Tax.
- Accounting for £1.1bn per annum of fees, charges, rents, and grant funding which are used to help deliver services and keep council tax down.
- Managing a £3.6bn portfolio of PPE and Investment property.

CAPITAL CASHFLOWS



REVENUE CASHFLOWS



Executive Director's Narrative Report (Continued)

11. COUNCIL AND GROUP BALANCE SHEET

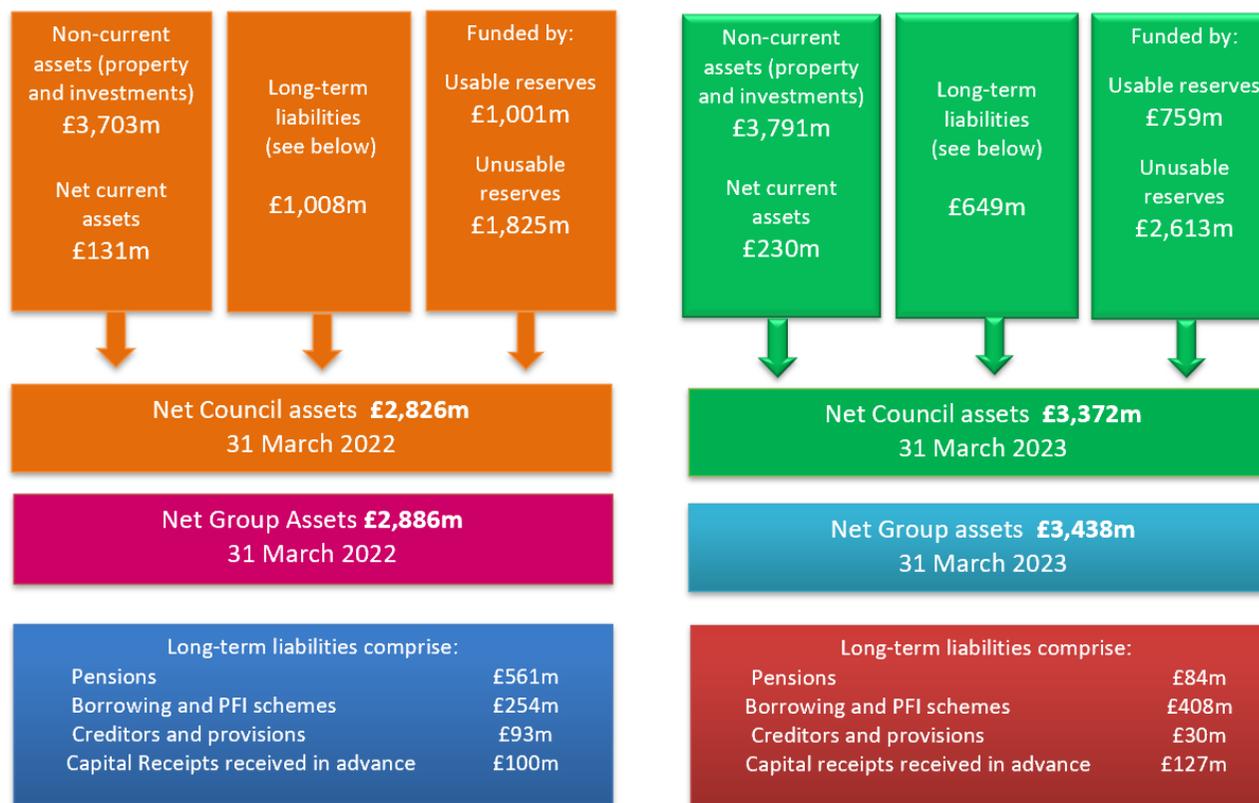
COUNCIL NET ASSETS £3,372 at 31 March 2023 (£2,826m at 31 March 2022)

The Council has continued to maintain a strong year-end Balance Sheet, with sufficient reserves in place to repay both long- and short-term liabilities as these fall due.

GROUP NET ASSETS £3,438m at 31 March 2023 (£2,886m at 31 March 2022)

Group accounts provide an overview of organisations subject to Council control. In 2022/23 these were:

- Westminster Community Homes Limited – a housing development vehicle.
- Westco Trading Limited -offers Council Services to public sector clients.
- Westminster Housing Investments Group – delivery of affordable housing.
- Paddington Recreation Ground Charity – maintains the park as open space in perpetuity.



Executive Director's Narrative Report (Continued)

NON-FINANCIAL PERFORMANCE

12. ACHIEVEMENTS

Some of our headline achievements in 2022/23 are set out below:

Health, Care and Wellbeing

We have:

- ✓ Continued and expanded the **Churchill Gardens Community Health Worker Programme**. This new programme has received national attention and represents a significant milestone towards the transformation of primary care services
- ✓ **Delivered 800 Christmas Hampers to residents**
- ✓ Provided a **Cost-of-Living Support Hub**
- ✓ Supported residents and rough sleepers during cold snaps with **our Winter in the City** programme and **Severe Weather Emergency Protocol (SWEP)**.

Children and Families

We have:

- ✓ Provided **universal free school lunches in all primary schools**
- ✓ Successfully **challenged the DfE's proposed reductions** to Nursery School funding
- ✓ **Provided holiday activities, including meals, to 1,410 children** over October 2022 and February 2023 half terms.

Community Safety and Enforcement

We have:

- ✓ Launched a **new Gambling Policy** in December 2022
- ✓ Successfully awarded **4 new Parking-related contracts**.

Environment

We have:

- ✓ Installed over **1,800 charge points** across the City
- ✓ Working with Westminster Property Association, we launched the **Sustainability City Charter** on the 15th of November
- ✓ Launched the **Waste Action Squad Launch**, working with local communities to deep clean 50 dumping hotspots and carry out 209 other waste interventions.

Business and Economy

We have:

- ✓ Implemented a new **Responsible Procurement and Commissioning Strategy**
- ✓ Processed 56,746 Council Tax **Energy Rebates**
- ✓ **Supported new businesses** through the Start-up to Scale-Up programme.

Housing and Built Environment

We have:

- ✓ Launched a partial review of the City Plan in October 2022 on proposed changes to existing policies. Our key aims are to deliver more

affordable housing, and a requirement for developers to consider the retention, refurbishment and retrofitting of buildings before proposing demolition work

- ✓ Obtained a 73% 'yes' vote from Church Street residents, providing a mandate for redevelopment which will include an additional 158 social rent homes
- ✓ Started construction of 64 new social rent homes at Adpar Street, Queens Park Court and Torridon House, with 20 of these homes being Supported Housing
- ✓ Launched the **Strand/Aldwych programme of traffic flow and environmental improvements including** improved junctions, better safety features, and additional green infrastructure
- ✓ **Hosted the Westminster Landlords Forum**.

Public Affairs and Communication

We have:

- ✓ Successfully renewed our position as an accredited organisation with the **Living Wage Foundation**
- ✓ achieved the Matrix Standard for **Westminster Adult Education Service (WAES), which now has full accreditation** for Information, Advice and Guidance Services
- ✓ Partnered with Multiverse to recruit for the next round of our **Tech Lions apprentices**.

13. THE WESTMINSTER WAY

Westminster employs approximately 2,900 staff in full-time and part-time positions.

Westminster sees the development of its employees, a culture of lifelong learning and continuous improvement as integral to providing quality services. In support of this the Council has made significant investments towards the learning and development of its people across the council through initiatives like the Senior Leaders Programme and Emerging Leaders Programme and various service specific training modules.

Diversity and Inclusion forms a core part of the Council's people strategy and culture. Westminster publishes its gender and ethnicity pay gaps and is a focus for leadership to close them.

The Westminster Way is based on three key pillars:

- Everyone has talent
- Everyone is valued
- Everyone is a leader

The People Strategy forms the foundation of the Council's professional development of its staff.

14. RESIDENTS FEEDBACK

Every year since 2002, the Council has commissioned an independent survey to measure resident satisfaction, understand service use, and identify local issues, concerns and priorities. In 2022, the Council interviewed 2,436 residents aged 16+ between late September and early November.

Overall, resident satisfaction with how the council is running the city has increased significantly over the past five years:

- ✓ 94% of residents are now satisfied with the way the Council is running the City, compared to 86% in 2017
- ✓ The number of residents who feel involved in decision-making has greatly improved
- ✓ 94% of residents are happy with refuse collection services compared to 87% in 2017
- ✓ 93% of residents are happy with street sweeping services compared to 84% in 2017

- ✓ 95% of residents are happy with street lighting services compared to 87% in 2017, and
- ✓ Most residents continue to feel safe in the area where they live.

Each year we ask residents to tell us what their top 5 concerns in their communities are. The top concerns continue to be noise, litter, and anti-social behaviours, but in all cases the reported level of concern had reduced when compared to the previous year.

15. EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- The **Comprehensive Income and Expenditure Statement** – records the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
- The **Balance Sheet** is a summary of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The **Annual Governance Statement**

- The statement sets out the governance structures of the Council and its key internal controls.

The **Group Accounts**

- The Council's single entity financial statements are combined with the assets and liabilities of group companies and similar entities, which the Council either controls or significantly influences.

The **Supplementary Financial Statements** are:

- **The Housing Revenue Account** – separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- **The Collection Fund**, which summarises the collection and redistribution of council tax and business rates income
- **The Pension Fund Account**, which reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme.
- The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.
- A **Glossary** of key terms can be found at the end of this publication.



A handwritten signature in black ink, appearing to read 'G. Almeroth', written over a light blue rectangular background.

Gerald Almeroth

Executive Director of Finance and Resources
Section 151 Officer

Westminster City Council

7 December 2023

Independent Auditor's Report to the members of Westminster City Council

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Westminster City Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow statement, the Housing Revenue Account (HRA) Statement, the Collection Fund Accounts, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23; and

- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the Executive Director of Finance and Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Executive Director of Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

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

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

The responsibilities of the Executive Director of Finance and Resources with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Resources' is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OTHER INFORMATION WE ARE REQUIRED TO REPORT ON BY EXCEPTION UNDER THE CODE OF AUDIT PRACTICE

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS REQUIRED BY THE CODE OF AUDIT PRACTICE

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Annual Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

RESPONSIBILITIES OF THE AUTHORITY AND THE EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES

As explained more fully in the Statement of Responsibilities within Annual Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Resources. The Executive Director of Finance and Resources is responsible for the preparation of the Annual Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Finance and Resources determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Resources' is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific

assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of management and the Audit and Performance Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the audit and performance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and the recognition of income and expenditure.

We determined that the principal risks were in relation to:

- journal entries posted which met a range of criteria determined during audit, particularly those which had an impact on the Comprehensive Income and Expenditure Statement.
- potential management bias in determining accounting estimates and judgements in relation to:
 - The valuation of land and buildings, investment properties and council dwellings;
 - The valuation of pension fund net liability; and
 - The valuation of national non-domestic rates (NNDR) appeals provisions.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on journals deemed to be high risk. We considered all journal entries for fraud and set specific criteria to identify entries we considered to be high risk. Such criteria included manual journal entries, large value journals, journals containing keywords which might indicate fraud, and journals posted by selected named officers.
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property, council dwellings, defined benefit pensions liability valuation, and national non-domestic rates (NNDR) appeals provisions; and

- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in expenditure recognition, and the significant accounting estimates related to property, plant and equipment, Investment properties, council dwellings, pension fund net liability and national non-domestic rates (NNDR) appeals provisions. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government sector in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS – THE AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND

EFFECTIVENESS IN ITS USE OF RESOURCES

MATTER ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION – THE AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

RESPONSIBILITIES OF THE AUTHORITY

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for

securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS – DELAY

IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate for Westminster City Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Brown

Joanne Brown, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Finsbury Square, London

07 December 2023

Independent Auditor's Report – Pension Fund

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMINSTER CITY COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS OF CITY OF WESTMINSTER PENSION FUND

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of the City of Westminster Pension Fund (the 'Pension Fund') administered by Westminster City Council (the 'Authority') for the year ended 31 March 2023, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with

International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the Executive Director of Finance and Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Executive Director of Finance and Resources' conclusions, and in accordance with

the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director of Finance and Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

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

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

OTHER INFORMATION

The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements. The Executive Director of Finance and Resources' is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS REQUIRED BY THE CODE OF AUDIT PRACTICE (2020) PUBLISHED BY THE NATIONAL AUDIT OFFICE ON BEHALF OF THE COMPTROLLER AND AUDITOR GENERAL (THE CODE OF AUDIT PRACTICE)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts and the Annual Governance Statement for the financial year for which the

financial statements are prepared is consistent with the Pension Fund financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

RESPONSIBILITIES OF THE AUTHORITY AND THE EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES

As explained more fully in the Statement of Responsibilities for the Statement of Accounts as set out on page 38, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those

affairs. In this authority, that officer is the Executive Director of Finance and Resources. The Executive Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Executive Director of Finance and Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on

the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Services Pensions Act 2013, The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

We enquired of senior officers, internal audit and the Audit and Performance Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of senior officers, internal audit and the Audit and Performance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement,

including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- the journals posted by relevant officers during the course of the year, taking into account a range of different criteria to focus our testing on the most risky journals.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that the Executive Director of Finance and Resources has in place to prevent and detect fraud;
- journal entry testing, with a focus on those journals that have been deemed risky via our assessment based on a range of criteria;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 3 investments; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is

from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government pensions sector
- understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Brown

Joanne Brown, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

7 December 2023

Statement of 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 secure that one of its officers has the responsibility for the administration of those affairs, in line with Local Government 1972. This is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES

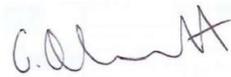
The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts and of its Pension Fund Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code'), are required respectively to present fairly the financial position of the Council and of the Pension Fund at the accounting date and the income and expenditure for the year then ended.

In preparing these Statements of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.



Gerald Almeroth

Executive Director – Finance and Resources
Section 151 Officer

7 December 2023

APPROVAL OF STATEMENT OF ACCOUNTS

The Statement of Accounts was approved by the Westminster City Council Audit and Performance Committee.

CHURCH
STREET NW8

CITY OF WESTMINSTER

KEEP
2M

DISTANCE

Keep 2 metres apart from anyone
outside of your household

3.

Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. The CIPFA Code of Local Authority Accounting regulates how expenditure and income relating to services is classified in the CIES.

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
106,804	(33,413)	73,391	Finance and Resources	126,337	(36,812)	89,525
11,713	(5,311)	6,402	Innovation and Change	21,659	(9,327)	12,332
149,279	(88,560)	60,719	Adults' Services	151,359	(88,542)	62,817
188,942	(130,082)	58,860	Children's Services	189,823	(136,261)	53,562
195,112	(140,858)	54,254	Environment and City Management	195,020	(148,556)	46,464
413,940	(371,651)	42,289	Growth, Planning and Housing	427,757	(372,927)	54,830
1,065,790	(769,875)	295,915	Cost of services	1,111,955	(792,425)	319,530

Comprehensive Income and Expenditure Statement (continued)

2021/22			Note	2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		(13,432)	Other operating expenditure	Note 5		(19,363)
		(4,205)	Financing and investment income and expenditure	Note 6		(59,473)
		(308,470)	Taxation and non-specific grant Income	Note 7		(355,382)
		(30,192)	(Surplus)/Deficit on Provision of Services			(114,688)
Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services						
		(65,914)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets	Note 18		100,121
		(120,914)	Remeasurement of the net defined benefit liability	Note 31		(532,437)
		(186,828)	Other Comprehensive Income and Expenditure			(432,316)
		(217,020)	Comprehensive Income and Expenditure (Surplus)/Deficit			(547,004)

Note 8 The Expenditure and Funding Analysis demonstrates in further detail how the Council has used available funding for the year in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices.

Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in year on reserve balances held by the Council.

2021/22				Revenue Reserves			Capital Reserves		Total Usable Reserves	Total Unusable Reserves ²	Total Council Reserves	
	General Fund Balance	Earmarked GF Reserves ¹	Schools Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve				Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2021	(59,432)	(768,126)	(2,947)	(830,505)	(19,382)	-	(19,382)	(97,953)	(293,838)	(1,241,678)	(1,366,952)	(2,608,630)
Movement in reserves during 2021/22				-								
(Surplus)/Deficit on provision of services (accounting basis)	(20,277)	-	-	(20,277)	(9,915)	-	(9,915)	-	-	(30,192)	-	(30,192)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(186,828)	(186,828)
Total Comprehensive Income and Expenditure	(20,277)	-	-	(20,277)	(9,915)	-	(9,915)	-	-	(30,192)	(186,828)	(217,020)
Adjustments between accounting basis and funding basis under regulations	224,447	-	-	224,447	9,915	-	9,915	17,336	19,806	271,504	(271,504)	-
Net (increase)/decrease before Transfers to Earmarked Reserves	204,170	-	-	204,170	-	-	-	17,336	19,806	241,312	(458,332)	(217,020)
Transfers (to)/from Earmarked Reserves	(202,127)	203,022	(895)	-	-	-	-	-	-	-	-	-
(Increase)/Decrease In Year	2,043	203,022	(895)	204,170	-	-	-	17,336	19,806	241,312	(458,332)	(217,020)
Balance at 31 March 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,825,284)	(2,825,650)

¹ For more information on Earmarked Reserves, please refer to Note 17 – Transfers to and from Earmarked Reserves.

² The DSG reserve deficit is £1.167m as at 31st March 2022. For further detail, please refer to Note 16 – Unusable Reserves

Movement in Reserves (continued)

2022/23				Revenue Reserves			Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	
	General Fund Balance	Earmarked GF Reserves ³	Schools Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve				Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,825,284)	(2,825,650)
Movement in reserves during 2022/23												
(Surplus)/Deficit on provision of services (accounting basis)	(29,914)	-	-	(29,914)	(84,774)	-	(84,774)	-	-	(114,688)	-	(114,688)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(432,316)	(432,316)
Total Comprehensive Income and Expenditure	(29,914)	-	-	(29,914)	(84,774)	-	(84,774)	-	-	(114,688)	(432,316)	(547,004)
Adjustments between accounting basis and funding basis under regulations	263,139	-	-	263,139	76,369	-	76,369	3,078	13,658	356,244	(356,244)	-
Net (increase)/decrease before Transfers to Earmarked Reserves	233,225	-	-	233,225	(8,405)	-	(8,405)	3,078	13,658	241,556	(788,560)	(547,004)
Transfers (to)/from Earmarked Reserves	(236,194)	236,478	(284)	-	8,210	(8,210)	-	-	-	-	-	-
(Increase)/Decrease In Year	(2,969)	236,478	(284)	233,225	(195)	(8,210)	(8,405)	3,078	13,658	241,556	(788,560)	(547,004)
Balance at 31 March 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,613,844)	(3,372,654)

³ For more information on Earmarked Reserves, please refer to Note 17 – Transfers to and from Earmarked Reserves.

Balance Sheet

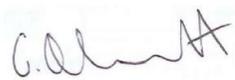
The **Balance Sheet** shows the values of assets and liabilities held by the Council. The net assets of the Council are matched by the reserves held by the Council. The reserves are presented within two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund Council services.

31 March 2022		Note	31 March 2023
£'000			£'000
ASSETS			
<u>Non-current</u>			
3,024,864	Property, plant and equipment	Note 18c	3,093,364
44,578	Heritage assets	Note 19	44,578
462,801	Investment property	Note 20	525,064
4,997	Intangible assets		7,374
33,318	Long-term investments	Note 21a	34,300
132,034	Long-term debtors	Note 27	86,187
3,702,592	Total long-term assets		3,790,867
<u>Current</u>			
383,429	Short-term investments	Note 21a	656,569
138	Inventories		131
395,846	Short-term debtors	Note 27	187,194
64,998	Cash and other cash equivalents	Note 22	213,589
19,086	Assets held for sale	Note 40	2,609
863,497	Current assets		1,060,092

Balance Sheet (continued)

Certification by the Chief Financial Officer

I certify that the statement of accounts presents a true and fair view of the financial position of the Council as at 31 March 2023 and its income and expenditure for the year then ended.



Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

7 December 2023

	31 March 2022	Note	31 March 2023	
	£'000		£'000	
LIABILITIES				
	(62,229)	Short-term borrowing	Note 21a	(12,726)
	(580,393)	Short-term creditors	Note 28	(682,641)
	(40,279)	Short-term provisions	Note 29	(116,252)
	(49,358)	Revenue Grants receipts in advance	Note 13	(18,938)
	(732,259)	Total current liabilities		(830,557)
<u>Long term</u>				
	(1,269)	Long-term creditors	Note 28	(6,051)
	(91,424)	Long-term provisions	Note 29	(23,810)
	(237,616)	Long-term borrowing	Note 21a	(389,398)
	(577,597)	Other long-term liabilities	Note 30	(101,172)
	(100,274)	Capital Grants receipts in advance	Note 13	(127,317)
	(1,008,180)	Long-term liabilities		(647,748)
	2,825,650	Net assets		3,372,654
	(1,000,366)	Total Usable Reserves	Note 15	(758,810)
	(1,825,284)	Total Unusable Reserves	Note 16	(2,613,844)
	(2,825,650)	Total Reserves		(3,372,654)

Cash Flow Statement

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as relating to 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.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing by the Council).

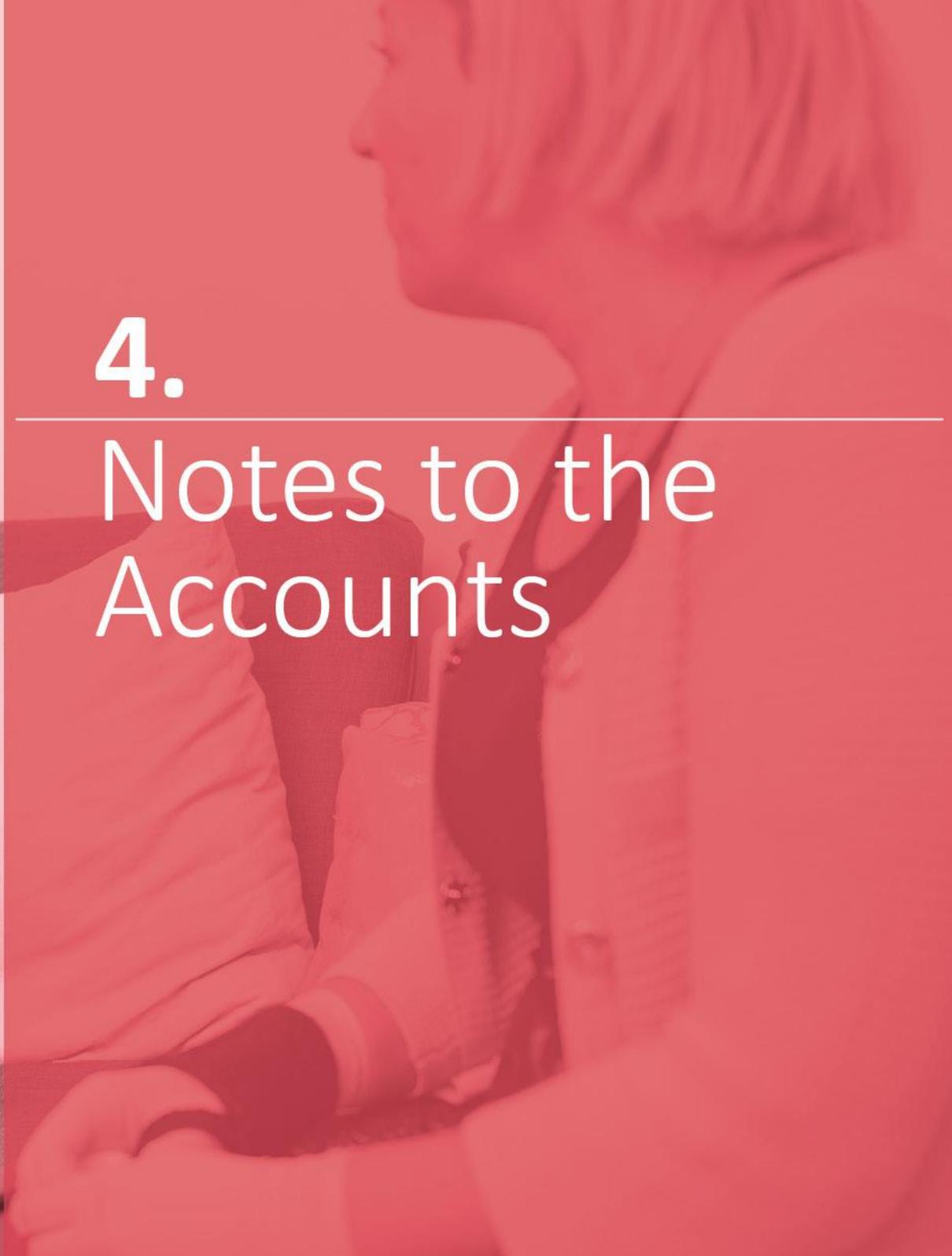
Cash is represented by cash-in-hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

2021/22		Note	2022/23
£'000			£'000
(30,192)	Net (surplus)/deficit on the provision of services		(114,688)
(120,980)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	Note 32	(185,091)
157,549	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	Note 32	188,649
6,377	Net Cash Flows from Operating Activities		(111,130)
261,689	Net Cash Flows from Investing Activities	Note 33	363,088
(252,662)	Net Cash Flows from Financing Activities	Note 34	(400,549)
15,404	Net (increase)/decrease in cash and cash equivalents		(148,591)
80,402	Cash and cash equivalents at the beginning of the reporting year		64,998
64,998	Cash and cash equivalents at the end of the reporting year		213,589



4.

Notes to the Accounts



Note 1 Accounting Policies

GENERAL PRINCIPLES

- The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2022/23, these proper accounting practices principally comprise:
 - the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS)
 - the Service Reporting Code of Practice 2022/23 (SeRCoP)

The Statement of Accounts has been prepared on a 'going concern' basis. 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:

Asset class	Measurement Basis in the Balance Sheet
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing. Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Infrastructure	Depreciated historic cost
Property, Plant and Equipment: Surplus Assets	Fair value
Investment Properties	Fair value
Financial Instruments – Fair Value through Profit or Loss	Fair value
Pensions Assets	Fair value
Pensions Liabilities	Measured on an actuarial basis (see Note 31)

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 Statement of Accounts has been adjusted to reflect events after 31 March 2023 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

The Council's over-arching accounting policies are set out below. Further detail on the accounting treatment adopted for specific transactions and balances is included in relevant disclosure notes.

Note 1 Accounting Policies (continued)

ACCRUALS OF INCOME AND EXPENDITURE

- Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:
- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of 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 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.
- Accruals are recognised where the value exceeds £10,000.

- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

ASSET RECLASSIFICATION

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use the Council will reflect this in the accounts and movements between asset classes are usually between PPE and Investment Property. Assets are revalued immediately before reclassification using the measurement basis specified by the Code for the current category of assets and subsequently valued in line with the new class of asset following transfer.

In certain cases, a property might be used for a combination of investment and operational purposes. In these instances, the Council will split the valuation of the property between PPE and Investment Property and reflect this in the accounts.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three day and that are readily convertible to known amounts of cash with low risk of change in value.

CHANGES IN ACCOUNTING POLICY

New Code requirements are set out in Note 2. The Council has not adopted any other new accounting

standards or amendments with a significant impact on the Council's position.

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has material interests in subsidiary and associate companies, which have been consolidated into the Council's Group Accounts on a line by line basis for subsidiaries and the equity method for associates, after first realigning accounting policies with the Council where appropriate and eliminating intra-Group transactions.

In the Council single entity accounts, interests in companies and other entities are classified as long-term investments and measured at cost less provision for any losses.

SUPPORT SERVICES AND OVERHEADS

The costs of support services and overheads are charged to those that benefit from the supply or service in accordance with the absorption costing principle. The full cost of overheads and support services is shared between users in proportion to the benefits received.

Note 1 Accounting Policies (continued)

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure and Capital Financing disclosure at Note 24.

ROUNDING

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

SCHOOLS

Local authority-maintained schools are considered to be under the control of the Council. Consequently, the income, expenditure, assets and liabilities of maintained schools are accounted for in the single entity accounts of the Council. The schools fall into the following categories:

- 4 Maintained Nurseries
- 27 Voluntary Aided (26 Primary and 1 Secondary)
- 7 Community
- 2 Maintained Special.

Other types of schools, such as academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

VALUE ADDED TAX

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

Note 2 Accounting Standards Issued but Not Yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 23/24:

- **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2** will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- **IAS 12 Income Taxes** will be amended in relation to deferred tax but no relevant transactions in group accounts have been identified.
- **IFRS 3 Business Combinations** will be amended in terms of references to conceptual framework. As no acquisitions have happened or are planned in the relevant time period, this has no impact on the Council's financial statements.

Note 3 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 situations that are otherwise uncertain. Estimates are made using historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Consequences if actual results differ from assumptions
Valuation of operational property	<p>Asset valuations are based on Current Value and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2023 for approximately 20% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The Council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as floor area) that must be used to apply valuations.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £76m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current operational assets subject to potential revaluation is £758 million.</p>
Fair value measurement of investment property	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes lease profile, tenant covenant, rent status and location.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>Please refer to Note 38 – Fair Value for a sensitivity analysis on the observable and unobservable inputs for valuing investment property.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>If investment property value were to reduce by 10%, this would lead to a £52.5m reduction. This would impact the Council's CIES Surplus/Deficit.</p>

Note 3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (continued)

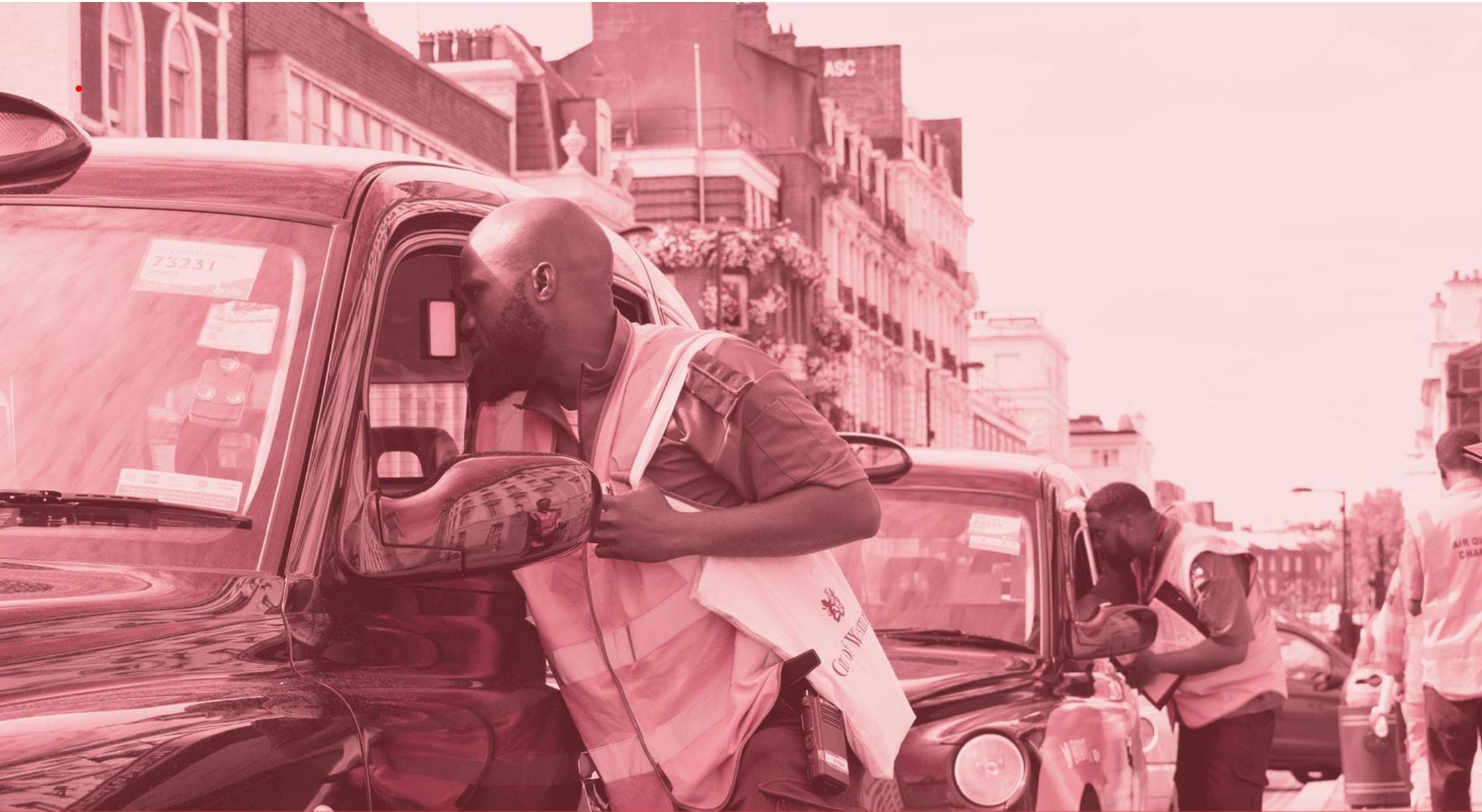
Items	Uncertainties	Consequences if actual results differ from assumptions
Valuation of HRA Dwellings	<p>The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUV-SH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for London. The current value of the stock (at 25%) is £1.6bn. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.</p>	<p>A reduction in the estimate value of HRA dwellings would result in a reduction to the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of approximately £162m.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The pension liability totals £84.4m as at 31 March 2023. The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis by the Pension Fund Committee. Variations in the key assumptions will have the following impact on the net liability: a 0.1% decrease in the real discount rate will increase the net pension liability by £22.2m; a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £20.8m; an increase of one year in longevity will increase the net pension liability by £53.6m.</p>
Business Rates	<p>The Council makes an allowance in its collection fund for a reduction in rateable value for businesses that follow the Check, Challenge and Appeal process for their business rates liability. Westminster did experience very high levels of appeals against the 2010 revaluation of business hereditaments when average rateable values rose by 62% across the City. Most of the appeals have been resolved with a residual number outstanding with the Valuation Office Agency. In addition, the 2017 revaluation saw average rateable values rise by 17%. The outcome of outstanding appeals remains uncertain and are determined independently by the Valuation Office Agency. The Collection Fund currently holds a £437m appeals provision to counter the potential impact of successful appeals in future years. The council's share of this provision is £131.3m</p>	<p>A 5% variance against the current estimate would result in +/- £21.9m movement in the appeals provision, of which the council's share would be £6.6m. The Council's overall financial losses are however protected by the government with any variance to the Council's assumptions being offset by the safety net payment entitlement which will be distributed as determined by central government. The Council would lose no more than c£7m in retained business rates income when in safety net.</p>

Note 3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (continued)

Items	Uncertainties	Consequences if actual results differ from assumptions
Impairment allowance for doubtful debt	As at 31 March 2023, the Council had an outstanding balance of short-term debtors totalling £299m. Against this debtors' balance, there is an impairment allowance of £112m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.
Valuation of Group housing dwellings	The value of the dwellings held by the Council's subsidiaries have been revalued from depreciated historic cost to existing use value (EUV) on consolidation. In revaluing the dwellings, the value at 31 March 2023 was estimated using an average of valuation indices for dwellings in the relevant area. The indices used were the Land Registry, Acadata and the Nationwide.	A variation of +/- 1% in the indexed value would be £0.62m on the EUV of £62m

Note 4 Critical Judgements in Applying Accounting Policies

- In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts, these are as follows:
 - The 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 Westminster Community Homes Ltd and Westminster Housing Investments Ltd are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts.
- Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with relevant dioceses for voluntary aided and voluntary controlled schools. As a result, the Council:
 - Recognises school assets for community schools on its balance sheet because the rights and obligations associated with such schools rest with the Council; and
 - Assesses that the assets relating to academies, voluntary aided (VA), voluntary controlled (VC) or free schools are not controlled by the Council but, following consultation and review, the VA and VC schools have been deemed to be owned by the relevant dioceses.



4.1.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 Other Operating Income and Expenditure

The Council's various income streams have been assessed and classified in line with Chapter 2 of the 2022/23 Code of Practice and revenue has been recognised accordingly, with specific consideration given to:

- implied or stated contractual terms for exchange transactions
- obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange
- the significance of the income stream to the Council.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the Balance Sheet as creditors (receipts in advance) until the conditions have been satisfied.

Other operating expenditure reported includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the Housing Revenue Account and gains/losses generated from in year disposals of non-current assets.

2021/22	2022/23
£'000	£'000
2,578	2,735
4,204	(11)
(20,012)	(22,087)
(202)	-
(13,432)	(19,363)

Note 6 Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

2021/22		2022/23	
£'000		£'000	
8,536	Interest payable and similar charges	11,329	
13,720	Net interest on the net defined benefit liability (asset)	15,669	
(5,792)	Interest receivable and similar income	(28,073)	
(1,353)	Net (gains)/losses on financial assets at fair value through profit and loss	(986)	
(19,316)	Income and expenditure in relation to investment properties and changes in their fair value	(57,412)	
(4,205)	Total	(59,473)	

Note 7 Taxation and Non-Specific Grant Income

This note consolidates all non-specific grants and contributions receivable that cannot be identified with individual 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. The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities.

2021/22		2022/23
£'000		£'000
(61,885)	Council Tax Income	(63,118)
279,113	Non-Domestic Rates income*	286,303
(133,820)	WCC share of NDR Collection fund deficit/(surplus)*	(261,791)
(279,873)	Non-ringfenced government grants	(178,572)
(112,005)	Capital grants and contributions	(138,204)
(308,470)	Total	(355,382)

* The Non-domestic rates deficit is due mainly to the increase in collection fund cost arising from loss of business rate income following Covid-19. This is offset by non-ringfenced government grants, specifically section 31 grant, to compensate for this loss

Note 8 Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's Executive Leadership Teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Table A

2021/22				2022/23		
Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (see Table D)	Net Expenditure in the CIES		Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (see Table D)	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
76,041	2,650	73,391	Finance and Resources	27,707	(61,818)	89,525
6,364	(38)	6,402	Innovation and Change	12,195	(137)	12,332
59,799	(920)	60,719	Adult Services	61,912	(905)	62,817
54,148	(4,712)	58,860	Children's Services	51,462	(2,100)	53,562
21,958	(32,296)	54,254	Environment & City Management	13,925	(32,539)	46,464
34,665	(7,624)	42,289	Growth, GF-Housing and Planning	16,137	(38,693)	54,830
252,975	(42,940)	295,915	Net Cost of Services	183,338	(136,192)	319,530

Note 8 Expenditure and Funding Analysis (continued)

Table B

2021/22				2022/23		
Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis	Net Expenditure in the CIES		Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
5,032	18,464	(13,432)	Other Operating Income and Expenditure	31,081	50,444	(19,363)
8,808	13,013	(4,205)	Financing and Investment Income and Expenditure	(33,837)	25,636	(59,473)
(62,645)	245,825	(308,470)	Taxation and Non-Specific Grant Income and Expenditure	44,238	399,620	(355,382)
204,170	234,362	(30,192)	Surplus or Deficit on the Provision of Services	224,820	339,508	(114,688)

Note 8 Expenditure and Funding Analysis (continued)

Table C

2021/22			2022/23			
Opening Balance	Net expenditure chargeable to GF and HRA balances	Closing Balance		Opening Balance	Net expenditure chargeable to GF and HRA balances	Closing Balance
£'000	£'000	£'000		£'000	£'000	£'000
(59,432)	2,043	(57,389)	General Fund Balance	(57,389)	(2,969)	(60,358)
(19,382)	-	(19,382)	Housing Revenue Account Balance	(19,382)	(195)	(19,577)
(78,814)	2,043	(76,771)	Sub-Total General Fund and Housing Revenue Account Balance	(76,771)	(3,164)	(79,935)
(768,126)	203,022	(565,104)	General Fund Earmarked Reserves	(565,104)	236,478	(328,626)
-	-	-	Housing Revenue Account Earmarked Reserves	-	(8,210)	(8,210)
(2,947)	(895)	(3,842)	Schools Reserves	(3,842)	(284)	(4,126)
(771,073)	202,127	(568,946)	Sub-Total Earmarked and Schools Reserves	(568,946)	227,984	(340,962)
(849,887)	204,170	(645,717)	Total Reserves	(645,717)	224,820	(420,897)

Note 8 Expenditure and Funding Analysis (continued)

Table D

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

2021/22				2022/23				
Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(19,804)	23,476	(1,022)	2,650	Finance and Resources	(6,325)	(56,324)	831	(61,818)
(38)	-	-	(38)	Innovation and Change	(137)	-	-	(137)
(920)	-	-	(920)	Adults' Services	(905)	-	-	(905)
(3,545)	-	(1,167)	(4,712)	Children's Services	(2,100)	-	-	(2,100)
(32,296)	-	-	(32,296)	Environment and City Management	(32,539)	-	-	(32,539)
(7,551)	-	(73)	(7,624)	Growth, GF-Housing and Planning	(39,761)	-	1,068	(38,693)
(64,154)	23,476	(2,262)	(42,920)	Net Cost of Services	(81,767)	(56,324)	1,899	(136,192)
18,464	-	-	18,464	Other Operating Income and Expenditure	50,444	-	-	50,444
11,556	-	1,457	13,013	Financing and Investment Income and Expenditure	25,586	-	50	25,636
112,005	-	133,820	245,825	Taxation and Non-Specific Grant Income and Expenditure	137,828	-	261,792	399,620
77,871	23,476	133,015	234,362	Difference Between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	132,091	(56,324)	263,741	339,508

Note 8 Expenditure and Funding Analysis (continued)

Adjustments for Capital purposes

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

Net change for the Pensions adjustments

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income. For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs. For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability which is charged to the Comprehensive Income and Expenditure Statement.

Other differences

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

Note 8 Expenditure and Funding Analysis (continued)

EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed by type in the table below:

2021/22 Restated		2022/23
£'000		£'000
217,064	Employee Benefits Expenses	248,324
785,303	Other Service Expenses	741,285
22,256	Interest Payments	26,998
4,204	Payments to Housing Capital Receipts Pool	(11)
199,699	Repayment of prior year Collection fund deficit	276,309
2,578	Precepts and Levies	2,735
72,346	Depreciation, Amortisation and Impairments	74,979
11,737	Revaluation Loss on Property, Plant & Equipment*	32,907
1,315,187	Total Expenditure	1,403,526
(792,616)	Government Grants and Contributions	(727,228)
(410,670)	Fees, Charges and Other Service Income	(425,911)
(116,289)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(314,915)
(20,012)	Gains on the Disposal of Assets	(22,087)
(5,792)	Interest and Investment Income	(28,073)
(1,345,379)	Total Income	(1,518,214)
(30,192)	Surplus on the Provision of Services	(114,688)

* Revaluation Loss on Property, Plant and Equipment is shown separately this year. Previously it was included in Depreciation, Amortisation and Impairments

The Council's Fees, Charges and Other Service Income is analysed by type in the table below:

2021/22	Fees, Charges and Other Service Income	2022/23
£'000		£'000
(162,531)	Rent	(165,866)
(94,758)	Parking Income	(102,928)
(13,164)	Commercial Waste	(17,329)
(10,632)	Road Management	(10,922)
(6,775)	Schools Income	(8,171)
(4,920)	Planning Application Fees	(4,458)
(117,890)	Other Income	(116,237)
(410,670)	Total Income	(425,911)

Benefits paid during employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

Note 9 Section 75

Social Care

The Council has entered a non-pooled partnership arrangement under section 75 of the National Health Service Act 2006 with the Central London and West London Clinical Commissioning Groups for the provision of Adult Social Care and Health Services with primary support needs of physical support, mental health support, learning disability support, support with memory and cognition, social support and services to safeguard adults. The aim is to meet the needs of people living in the Westminster City Council area.

Any surplus or deficit generated from the arrangement is the responsibility of the respective partner to whom it is attributed and is shared in proportion to the funding. The partner authorities are responsible for managing the individual schemes for which they have lead responsibility.

Gross expenditure incurred by the Council under the section 75 agreement was £10.183m in 2022/23 (£9.834m in 2021/22). Gross income received was £10.183m in 2022/23 (£9.834m in 2021/22). The increase between the two financial years is due to an increase in activity and price inflation.

2021/22				2022/23		
WCC	CCGs	Total	s.75	WCC	ICBs*	Total
£000s	£000s	£000s		£000s	£000s	£000s
-	4,007	4,007	Better Care Fund Lead Commissioning	-	4,059	4,059
-	5,827	5,827	Non – Better Care Fund	-	6,124	6,124
-	9,834	9,834	Total	-	10,183	10,183

*In September 2022 Clinical Commissioning Groups (CCGs) were renamed Integrated Care Boards (ICBs)

Note 10 Officers' Remuneration (including termination benefits and members' allowances)

Note 10a Senior Officers' Remuneration

Remuneration disclosures for Senior Officers whose salary is £150,000 or more per year/statutory post/reports directly to Head of Paid Service (HoPS).

2021/22	Notes	Salary, Fees and Allowances*	Private Health Insurance / Benefits in Kind	Pension Contributions	Election Expenses	Expenses	Compensation for Loss of Office	Total
		£	£	£	£	£	£	£
Chief Executive – S Love		219,552	-	54,010	3,400	-	-	276,962
Executive Director of Finance Resources – G Almeroth		176,901	-	43,518	3,400	-	-	223,819
Executive Director Growth, Planning and Housing – D Jackson		167,601	-	41,230	-	-	-	208,831
Bi Borough Executive Director of Adults Social Care & Public Health – B Flaherty	A	178,901	2,515	44,628	-	-	-	226,044
Executive Director of Environment & City Management – R Mistry		158,889	-	39,087	-	-	-	197,976
Bi-Borough Executive Director of Children's Services – S. Newman	B	167,601	-	41,230	-	-	-	208,831
Executive Director of Innovation & Change – P Wrobel		167,601	1,829	41,795	-	270	-	211,495
Her Majesty's Coroner – Inner West London – F Wilcox	C	169,323	4,456	42,258	-	-	-	216,037
Director of Public Health	D	139,710	2,379	35,046	-	141	-	177,276
Director of Law – T Shawkat	E	80,096	1,630	20,104	3,400	-	-	105,230
Director of People Services – L. Witham		155,246	2,379	38,776	-	-	-	196,401

* Salary, Fees and Allowances include elements such as market forces supplement, honorarium.

A) The Bi-Borough Executive Director of Adult Social Care & Public Health is employed by Westminster City Council. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC, 50% WCC.

B) The Bi-Borough Executive Director of Children's Services is employed by Westminster City Council. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC; 50% WCC.

C) The post of Her Majesty's Coroner for the Inner West London Coroner's District is shared across four London boroughs based on population share. The current share based on mid-2019 population per Borough is 28.0% Westminster, 21.5% Merton, 16.3% RBKC and 34.2% Wandsworth

D) The Director of Public Health is employed by Westminster City Council. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 44% RBKC, 56% WCC.

E) The post holder ceased on 01 November 2021. However, the post was covered by LeVerne Parker and Hazel Best within Legal Team for the interim period, until a new Director was appointed in April 2022.

Note 10 Officers' Remuneration (including termination benefits and members' allowances) (continued)

2022/23	Notes	Salary, Fees and Allowances*	Deferred Pay *	Private Health Insurance / Benefits in Kind	Pension Contributions	Election Expenses	Expenses	Compensation for Loss of Office	Total
		£	£	£	£	£	£	£	£
Chief Executive - S Love		225,207	-	-	37,885	1,993	169	-	265,254
Executive Director of Finance Resources - G Almeroth		179,256	-	-	30,115	1,993	344	-	211,708
Executive Director Growth, Planning and Housing - D Jackson		169,956	-	-	28,553	-	-	-	198,509
Bi Borough Executive Director of Adults Social Care & Public Health - B Flaherty	A	189,024	-	2,661	32,203	-	-	-	223,888
Executive Director of Environment & City Management - R Mistry	E	120,933	-	-	20,317	-	67	-	141,317
Bi-Borough Executive Director of Children's Services - S. Newman	B	169,956	-	-	28,553	-	-	-	198,509
Executive Director of Innovation & Change - P Wrobel		169,956	-	1,881	28,869	-	-	-	200,706
His Majesty's Coroner - Inner West London - F Wilcox	C	171,678	-	4,931	29,334	-	-	-	205,943
Director of Public Health	D	149,469	-	2,504	25,531	-	-	-	177,504
Director of Law and Governance - Parveen Akhtar	F	148,223	-	-	24,901	1,993	363	-	175,480
Director of People Services - L. Witham		159,469	-	2,504	27,211	-	372	-	189,556

* Salary, Fees and Allowances include elements such as market forces supplement, honorarium.

A) The Bi-Borough Executive Director of Adult Social Care & Public Health is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC, 50% WCC.

B) The Bi-Borough Executive Director of Children's Services is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC; 50% WCC.

C) The post of His Majesty's Coroner for the Inner West London Coroner's District is shared across four London boroughs based on population share, amount shown above is 100%. The current share based on mid-2019 population per Borough is 22.98% Westminster, 16.12% RBKC, 24.12 Merton and Wandsworth 36.78%

D) The Director of Public Health is employed by Westminster City Council. The costs of this post shown above is 100% and shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 44% RBKC, 56% WCC.

E) The Executive Director of Environment & City Management left on 31/12/2022, currently post is vacant.

F) The Director of Law and Governance is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 35.9% RBKC, 64.1% WCC.

Note 10 Officers' Remuneration (including termination benefits and members' allowances) (continued)

Note 10b Other Employees with Remuneration over £50,000

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	No of Employees 2021-22		No of Employees 2022-23
	232	£50,000 - £54,999	301
	168	£55,000 - £59,999	190
	147	£60,000 - £64,999	174
	79	£65,000 - £69,999	89
	36	£70,000 - £74,999	61
	32	£75,000 - £79,999	46
	35	£80,000 - £84,999	33
	24	£85,000 - £89,999	19
	17	£90,000 - £94,999	27
	16	£95,000 - £99,999	14
	9	£100,000 - £104,999	19
	6	£105,000 - £109,999	5
	5	£110,000 - £114,999	4
	6	£115,000 - £119,999	4
	2	£120,000 - £124,999	3
	4	£125,000 - £129,999	3
	0	£130,000 - £134,999	1
	1	£135,000 - £139,999	2
	2	£140,000 - £144,999	3
	4	£145,000-£149,999	3
	0	£150,000 - £154,999*	2
	825	Total	1,003

*Two senior officers with salary (basis for Note 10a) less than £150k excluded from Note 10a; but since remuneration (basis for Note 10b) more than £150k, this banding is added for 2022-23.

NB. Salary excludes expenses and benefits in kind.

Remuneration is Salary + expenses + benefits in kind

Note 10c Exit Package

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

2021/22				2022/23				
(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band	(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band
			£'000				£'000	
46	-	46	413	£0 - £20,000	36	-	36	175
11	-	11	267	£20,001 - £40,000	11	-	11	325
2	-	2	104	£40,001 - £60,000	5	-	5	262
2	-	2	153	£60,001 - £80,000	3	-	3	210
1	-	1	89	£80,001 - £100,000	1	-	1	81
-	-	-	-	£100,001 - £150,000	-	-	-	-
-	-	-	-	£150,001 - £200,000	-	-	-	-
-	-	-	-	£300,001 - £350,000	-	-	-	-
62	-	62	1,026	Total	56	-	56	1,053

The Council terminated the contracts of 56 employees in 2022/23. Of the total payment of £1.053m, there were no enhancements of retirement benefits.

Note 10d Termination Benefits

Termination benefits are payable following a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises costs for a restructuring.

Where termination benefits include the enhancement of pension benefits, regulations require the General Fund to be charged with the amount payable to the pension fund rather than the amount calculated under accounting standards. Entries are made in the Movement in Reserves Statement to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund.

Note 10e Members' Allowances

Member allowances are set by the local authority after having had regard to the recommendations made by an independent panel on the remuneration of members for the roles they fulfil within the Council. In London, authorities share the Independent Remuneration Panel (IRP) for London, convened by London Councils. The panel's report in January 2022 was the basis for the allowances system adopted by Westminster City Council in 2022/23. The IRP makes recommendations on the level of remuneration for different roles, most notably the basic allowance paid to all Councillors and Special Responsibility Allowances (SRAs) paid to Councillors undertaking additional roles. SRAs are calculated as a percentage of the total allowance paid to the Leader of the Council. Both historically and now, the basic allowance paid in Westminster as well as majority of Westminster's SRAs are lower than the London average and lower than that recommended by the IRP.

The Council paid allowances to its members of £0.993m in 2022/23 (£0.975m in 2021/22). The basic allowance and SRAs paid in 2022/23 took account of the staff pay settlement for 2021/22 which was agreed late in the financial year and therefore applied to member allowances for the subsequent year. This saw member allowances increase by 1.85% on the previous year in line with staff pay.

2021/22	Members Allowances	2022/23
£'000		£'000
975	Allowances	993
-	Expenses	-
975		993

Note 11 External Audit Fees

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:

2021/22		2022/23	
£'000		£'000	
147	Fees payable to external auditors for services carried out by the appointed auditor for the year	161	
29	Fees payable to external auditors for the certification of grant claims and returns for the year	34	
-	Fees payable in respect of other services provided by external auditors during the year relating to 20/21 Audit	70	
58	Fees payable in respect of other services provided by external auditors during the year relating to 19/20 Audit	-	
8	Fees payable in respect of Teacher's Pension audit	12	
5	Fees payable in respect of audit of pooling of capital receipts	6	
247	Total	283	

Note 12 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School and Early Years Finance (England) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2022/23 are as follows:

	Central Expenditure	Individual Schools Budget	Total 2022/23	Total 2021/22
	£'000	£'000	£'000	£'000
Final DSG for 2022/23 before academy and high needs recoupment			174,564	168,499
Academy and high needs figure recouped for 2022/23			(80,664)	(79,323)
Total DSG after academy and high needs recoupment for 2022/23			93,900	89,176
Plus: Brought forward from 2021/22			-	2,386
Less: Carry-forward to 2023/24 agreed in advance			-	(2,386)
Agreed initial budgeted distribution in 2022/23	32,125	61,775	93,900	89,176
In-year adjustments:				
Final budget distribution for 2022/23	32,125	61,099	93,224	88,765
Less: Actual central expenditure	(29,149)	-	(29,149)	(30,111)
Less: Actual ISB deployed to schools	-	(61,808)	(61,808)	(62,207)
Plus: Local authority contribution for 2022/23			-	-
In-year carry-forward to 2023/24	2,976	(709)	2,267	(3,553)
Plus: Carry-forward to 2023/24 agreed in advance			-	2,386
Carry-forward to 2023/24			2,267	-
DSG unusable reserve at the end of 2021/22			(1,167)	-
Addition to DSG unusable reserve at the end of 2022/23			-	-
Total of DSG unusable reserve at the end of 2022/23			(1,167)	-
Net DSG Position at end of 2022/23			1,100	(1,167)

Note 13 Grant Income

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 any 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 the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met. The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23.

2021/22	Credited to Taxation and Non-Specific Grant Income	2022/23
£'000	Non-Ringfenced Government Grants (Revenue)	£'000
(224,198)	Section 31 Grant & Safety Net Payments	(133,057)
(30,285)	Revenue Support Grant	(31,216)
-	2022-23 Services Grant	(6,231)
(3,498)	Collection Allowance – Business Rates and Business Rates Supplement	(4,124)
(6,429)	New Homes Bonus	(2,250)
(1,577)	Lower Tier Grant	(1,694)
(10,432)	Covid 19 Grant	-
(2,420)	Local government income compensation scheme for lost sales, fees and charges	-
(1,034)	Local council tax support schemes grant	-
(279,873)	Sub-Total	(178,572)

Note 13 Grant Income (continued)

2021/22	Credited to Services	2022/23
£'000		£'000
(174,683)	Housing Benefits Subsidy	(170,869)
(88,765)	Dedicated Schools Grant	(93,224)
(32,413)	Public Health Grant	(33,323)
(13,003)	Social Care Support Grant	(17,247)
(17,130)	Improved Better Care Fund - Dept Health & Social Care**	(17,649)
(12,173)	Homelessness Grants	(15,136)
(13,460)	Better Care Funding - Clinical Commissioning Group element	(14,282)
(8,258)	Education and Skills Funding Agency Grant	(9,287)
(4,803)	Unaccompanied Asylum Seeking Children (UASC) Grant	(4,788)
(3,289)	Pupil Premium Grant	(3,905)
-	Hospital Discharge Fund	(2,859)
(344)	S106 Contributions	(1,716)
-	Ukraine Refugees Grant	(1,534)
-	Schools Supplementary Grant (SSG)	(1,343)
(1,240)	Housing Benefit Subsidy Administration Grant	(1,235)
(1,030)	Cross River Partnership	(983)
(1,224)	Discretionary Housing Payments Grant	(868)
(632)	DWP Grants	(353)
(275)	DfE Teachers Pay Grant & Teachers' Pensions Employment Contributions Grant	(257)
(1,518)	Winter Pressures Grant – Dept Health & Social Care**	-
(10,709)	Other Government Grants*	(14,954)
(43)	Other Non-Government grants and contributions	(265)
(384,992)	Sub-Total	(406,077)

* Other Government Grants in 2022/23 consist of numerous smaller grants, none of which individually are over £1m.

** In 2022-23, Winter Pressures Grant is merged with Improved Better Care fund – Dept Health & Social Care

Note 13 Grant Income (continued)

2021/22	Credited to Services – Covid Related	2022/23
£'000		£'000
(3,960)	Homelessness	(1,954)
(3,911)	Contain Outbreak Management Fund (COMF)	(579)
(809)	Next Steps Accommodation Programme	-
(7,064)	Other Government Grants	(1,842)
(15,744)	Sub-Total	(4,375)
(680,609)	Total	(589,024)

2021/22	Covid Related (Agency)	2022/23
£'000		£'000
(73,434)	Restart Grant	-
(14,124)	Omicron Hospitality and Leisure Grant	-
(11,314)	Additional Restrictions Grant	-
(3,701)	ASC Infection Control	-
(1,952)	Household Support Fund	(3,903)
(104,525)	Total	(3,903)

Note 13 Grant Income (continued)

2021/22	Capital Grants and Contributions	2022/23
£'000		£'000
(3,904)	GLA Contributions*	(65,437)
(44,867)	S106 Contributions	(27,286)
(28,222)	Community Infrastructure Levy	(17,603)
-	Major Works Income	(9,494)
(4,041)	DfE Grants	(4,631)
(11,511)	Public Sector Decarbonisation Scheme (BEIS) Grant	(4,463)
(10,690)	S278 Contributions	(2,878)
(1,779)	Transport for London Grants	(2,270)
(1,270)	Disabled Facilities Grant	(1,344)
(5,723)	Other Capital Grants & Contributions	(2,798)
(112,007)	Total	(138,204)

*The increase in 2022/23 GLA Contributions were due to projects developing or acquiring Affordable Housing. Of this, £38,561 of the contributions in 2022/23 were for the Ebury Bridge development scheme and £10,172 were for the 300 Harrow Road development scheme.

Note 13 Grant Income (continued)

2021/22	Capital Grants Receipts in Advance (Non-Current)	2022/23
£'000		£'000
(84,639)	S106 / S278 Contributions	(90,700)
(3,645)	GLA Contributions	(20,428)
(2,552)	Basic Need Grant	(6,678)
(1,040)	Education Services - High Needs	(5,012)
(861)	Disabled Facilities Grant	(1,128)
(1,060)	London Business Rates Pool Strategic Investment	(947)
(1,316)	Department for Business, Energy and Industrial Strategy	(180)
(2,954)	St Marylebone Bridge Special School (SMBSS)	-
(444)	Special Provision Capital Fund (DfE)	-
(1,763)	Other Government Grants	(2,244)
(100,274)	Total	(127,317)

2021/22	Revenue Grants and Contributions Receipts in Advance (Current)	2022/23
£'000		£'000
-	Ukraine Refugees Grant	(6,476)
-	Support for Energy Bills	(2,707)
(2,617)	Afghan Grant	(2,154)
(861)	Contain Outbreak Management Fund (Covid)	(318)
(2,710)	Housing Benefit Subsidy	(132)
(26,614)	Covid-19 Additional Relief Fund (CARF)	-
(9,633)	Metro Wireless Grant	-
(3,637)	Other Government Grants	(3,833)
(3,286)	Other non-Government Grants and Contributions	(3,318)
(49,358)	Total	(18,938)

Note 14 Agency Services

2021/22	2021/22	2022/23	2022/23
£'000	£'000	£'000	£'000
Transport for London			
(367)	Contributions	(55)	
374	Expenditure	58	
	7 (Surplus)/ Deficit		3
Inner West London Coroner's District			
(1,238)	Contributions	(1,225)	
1,711	Expenditure	1,666	
	473 (Surplus)/ Deficit		441
Collection of Mayoral CIL			
(12,899)	Contributions	(11,271)	
	(516) Proportion retained by WCC		(451)
DEFRA - Clean Air Villages 4			
(12)	Contributions	(16)	
12	Expenditure	16	
	- (Surplus)/ Deficit		-
DEFRA - Clean Air Logistics for London			
	Contributions	(226)	
	Expenditure	226	
	(Surplus)/ Deficit		-
(36)	Net (Surplus)/Deficit		(7)

TRANSPORT FOR LONDON

Transport for London reimburses the council for works undertaken on the highway which aim to promote sustainable transport and improve the public realm, including traffic management schemes.

In 2022/23 £0.048m of works were approved for funding via TfL portal with a further £0.007m defrayed from 2021/22. The balance of £0.003m is being funded by Westminster relating to indexation pressure.

INNER WEST LONDON CORONER'S DISTRICT

The Inner West London Coroner's District was set up by statute and provides services to four local authorities (Kensington & Chelsea, Merton, Wandsworth and Westminster City Council).

During the year £1.67m of expenditure was incurred by the Coroners Service towards which contributions were received or accrued totalling £1.23m from the other three local authorities this year. The balance of £0.44m is Westminster's contribution to the service.

COLLECTION OF MAYORAL CIL

The Mayoral Community Infrastructure Levy (MCIL1) was introduced in 2012 to help finance Crossrail, the major new rail link that will connect central London to Reading and Heathrow in the West and Shenfield and Abbots Wood in the East.

In February 2019 the Mayor adopted a new charging schedule (MCIL2). The new charges took effect on 1 April 2019 and supersede the MCIL1 charging schedule and the associated Crossrail Funding SPG (applicable in central London, the northern part of the Isle of Dogs and within 1km of a Crossrail station for the rest of London). The MCIL2 charges apply to all planning permissions granted from 1 April 2019 and may also apply to some phased planning permissions granted before 1 April 2019. MCIL2 will be used to fund Crossrail 1 (the Elizabeth Line) and Crossrail.

The CIL is charged on most developments in Central London at the following rate:

Zone 1 boroughs - £80 per square metre: Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth.

The collection of the CIL is delegated to the relevant planning authority in each administrative area and the planning authority can retain 4% of the levy to cover the costs of administration and collection. During 2022/23, Mayoral CIL contributions of £11.27m were received, the balance of £0.45m is retained by Westminster to cover administrative costs.

DEFRA - CLEAN AIR VILLAGES 4

Clean Air Villages 4 (CAV4) is a Defra funded project led by Westminster City Council in collaboration with 26 project partners to improve the air quality across different London 'villages', where both air pollution and population density levels are high. In 2022/23 Spend of £0.02m relating to agency services was funded by grant received from DEFRA.

DEFRA - CLEAN AIR LOGISTICS FOR LONDON

Clean Air Logistics for London (CALL) is a Defra-funded project led by Westminster City Council in collaboration with 10 project partners. The project aims to move more freight into London via river rather than road, supported by zero emission delivery methods in Central London. CALL will build on the success of CRP's Clean Air Villages 4 programme. Westminster has received £1.00m grant funding in 2022/23 and £0.23m of the grant was spent on agency services with a further £0.03m on capital and £0.31m on principal project costs. The balance of £0.43m is to be allocated in 2023/24 to be spent on a mix of agency and principal projects.



4.2.

Notes Supporting the Movement in Reserves Statement

Note 15 Adjustments Between Accounting Basis and Funding Basis Under Regulations

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, plant and Equipment	Depreciation and revaluation/impairment losses	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Investment Properties	Movements in fair value	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2022/23	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2022/23 or were received in 2022/23 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2023) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2022/23 Losses on soft loans granted in 2022/23 and interest receivable in 2022/23 on an amortised cost basis	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regulations Interest due to be received on soft loans in 2022/23	Financial Instruments Adjustment Account
Pooled Investments	Movements in the fair value of pooled investment funds	Historical cost gains/losses for pooled investment funds disposed of in 2022/23	Pooled Investment Funds Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Note 31)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2022/23	Pensions Reserve
Council Tax	Accrued income from 2022/23 bills	Demand on the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Business Rates	Accrued income from 2022/23 bills	Budgeted income receivable from the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2022/23 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2022/23	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2023	No charge	Accumulated Absences Adjustment Account

Note 15 Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

2021/22	Usable Reserves						Relevant Unusable Reserve*
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Financial instruments	1,380	77	-	-	-	(1,457)	Financial Instruments Adjustment Account
· Pensions costs	23,476	-	-	-	-	(23,476)	Pensions Reserve
· Collection Fund	133,820	-	-	-	-	(133,820)	Collection Fund Adjustment Account
· Holiday pay	(1,022)	(73)	-	-	-	1,095	Accumulated Absences Account
· Capital expenditure	24,045	7,298	(45,382)	(25,841)	(61,388)	101,268	Capital Adjustment Account
· DSG Deficit	(1,167)	-	-	-	-	1,167	DSG Reserve
Capital and Revenue Financing							
Resources set aside for capital financing	43,915	6,700	58,626	25,841	81,194	(216,276)	Capital Adjustment Account
Use of capital receipts for revenue purposes	-	(4,250)	4,250	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	-	163	(158)	-	-	(5)	Deferred Capital Receipts
Total adjustments	224,447	9,915	17,336	-	19,806	(271,504)	

*Details of movements in unusable reserves are in Note 16.

Note 15 Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

2022/23	Usable Reserves						Relevant Unusable Reserve*
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Financial instruments	1,010	25	-	-	-	(1,035)	Financial Instruments Adjustment Account
· Pensions costs	(56,324)	-	-	-	-	56,324	Pensions Reserve
· Collection fund	261,792	-	-	-	-	(261,792)	Collection Fund Adjustment Account
· Holiday pay	832	82	-	-	-	(914)	Accumulated Absences Account
· Capital expenditure	12,729	13,195	(50,444)	(22,254)	(31,661)	78,435	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	43,100	63,067	61,502	22,254	45,319	(235,242)	Capital Adjustment Account
Recognition and transfer on realisation of deferred capital receipts	-	-	(7,040)	-	-	7,040	Deferred Capital Receipts
Other adjustments	-	-	(940)	-	-	940	Capital Adjustment Account
Total adjustments	263,139	76,369	3,078	-	13,658	(356,244)	

Note 16 Unusable Reserves

Unusable Reserves			Adjustments between Accounting and Funding Basis 2021/22			
	Opening Balance 1 April 2021	Other Comprehensive Income and Expenditure 2021/22	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	Closing Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(500,991)	(65,914)	-	-	9,246	(557,659)
Financial Instruments Adjustment Account	2,517	-	-	-	-	2,517
Financial Instruments Revaluation Reserve	1,784	-	(1,457)	-	-	327
Pensions Reserve	704,943	(120,914)	(23,476)	-	-	560,553
Collection Fund Adjustment Account	419,995	-	(133,820)	-	-	286,175
Accumulated Absences Account	1,915	-	1,095	-	-	3,010
Capital Adjustment Account	(1,988,271)	-	101,268	(216,276)	(9,246)	(2,112,525)
Deferred Capital Receipts	(8,844)	-	-	(5)	-	(8,849)
Dedicated Schools Grant Reserve*	-	-	1,167	-	-	1,167
Total	(1,366,952)	(186,828)	(55,223)	(216,281)	-	(1,825,284)

*The DSG reserve deficit is £1.167m as at 31st March 2022. This is a decrease of £3.556m from the £2.386m surplus as at 31st March 2021 due to a net in year overspend due to the significant and increased spend pressures in the High Needs Block, which relates to children with Special Educational Needs and Disabilities (SEND), as well as school restructures. The Council's Deficit Management Plan is currently being prepared.

The DSG deficit has been disclosed as a statutory unusable reserve in note 16. The Council has not sought permission from the Secretary of State for Education to fund the deficit from general resources. The accumulated DSG deficit will be carried forward and recovered from future years' DSG settlements, rather than from wider General Fund reserves.

Note 16 Unusable Reserves (continued)

Unusable Reserves	Opening Balance 1 April 2022	Other Comprehensive Income and Expenditure 2022/23	Adjustments between Accounting and Funding Basis 2022/23		Other Movements	Closing Balance 31 March 2023
			Adjustments to Revenue Resources	Capital and Revenue Financing		
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(557,659)	100,121	-	-	10,840	(446,698)
Financial Instruments Adjustment Account	2,517	-	-	-	-	2,517
Financial Instruments Revaluation Reserve	327	-	(1,035)	-	-	(708)
Pensions Reserve	560,553	(532,437)	56,324	-	-	84,440
Collection Fund Adjustment Account	286,175	-	(261,792)	-	-	24,383
Accumulated Absences Account	3,010	-	(914)	-	-	2,096
Capital Adjustment Account	(2,112,525)	-	78,435	(235,242)	(9,900)	(2,279,232)
Deferred Capital Receipts	(8,849)	-	-	7,040	-	(1,809)
DSG Reserve*	1,167	-	-	-	-	1,167
Total	(1,825,284)	(432,316)	(128,982)	(228,202)	940	(2,613,844)

*The DSG deficit at 31st March 2022-23 is £1.167m, unchanged from 2021-22. In 2022-23, DSG made a surplus of £2.267m, which has been transferred to Earmarked Reserves (see Note 17), so that it will be available to fund Schools expenditure in future years.

Note 17 Transfer to/from Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service within the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Balance via an entry in the Movement in Reserves Statement.

Earmarked Reserves	31 March 2022	Transfers Out	Transfers In	31 March 2023
	£'000	£'000	£'000	£'000
Adults Services Reserve	(4,000)	1,767	(2,813)	(5,046)
Business Rates Risk Reserve	(36,927)	151	(41,621)	(78,397)
Children's Reserves	(3,084)	539	(733)	(3,278)
Climate Change Reserve	(4,287)	923	(66)	(3,430)
Contract Risk Reserve	(14,731)	-	(78)	(14,809)
Economy/Inflation Reserve	(6,541)	1,196	-	(5,345)
Dedicated Schools Grant	-	577	(2,844)	(2,267)
Digital and Innovation Reserve	(10,247)	1,869	-	(8,378)
Transactional Services Reserve	(5,502)	-	-	(5,502)
Housing Benefits Reserve	(1,000)	331	(725)	(1,394)
Infrastructure reserve	(18,604)	91	-	(18,513)
Insurance Reserve	(13,286)	869	-	(12,417)
Invest to Save Reserve	(25,516)	2,131	-	(23,385)
Learning Skills Council Reserve	(2,932)	-	(951)	(3,883)

Note 17 Transfer to/from Earmarked Reserves (continued)

Earmarked Reserves	31 March 2022	Transfers Out	Transfers In	31 March 2023
Capital Financing Reserve	(79,926)	1,186	-	(78,740)
My Westminster	(4,384)	2,357	-	(2,027)
Westminster CIL 5% Admin Reserve	(5,798)	724	(1,012)	(6,086)
Property Reserve	(11,828)	185	(915)	(12,558)
Public Health Reserve	(4,675)	1,213	-	(3,462)
Corporate Investment Contingency Reserve	(4,126)	-	-	(4,126)
Redundancy and Reorganisation	(6,842)	704	-	(6,138)
Statues Reserves	(706)	-	-	(706)
Temporary Accommodation Reserve	(11,278)	-	-	(11,278)
Other	(12,725)	2,249	(6,985)	(17,461)
Total General Fund Reserves	(288,945)	19,062	(58,743)	(328,626)
Business Rates Deficit Section 31	(276,159)	302,923	(26,764)	-
HRA Earmarked Reserves	-	-	(8,210)	(8,210)
Total Reserves	(565,104)	321,985	(93,717)	(336,836)

The **Adults' Services Reserve** is provided to support joint working with the CCG (Clinical Commissioning Group) to support vulnerable Adults within the borough and assist them in living independent lives. CCGs were replaced with Integrated Care Systems in 2022.

The **Digital and Innovation Reserve** is in place to deliver enhanced digital services.

The **Infrastructure Reserve** is provided to support improvements to the Council's buildings, estates, highways and related matters allowing more flexible and industrious use of these premises

The **Insurance Reserve** is established in order to finance costs (e.g. claims and premium payments) associated with insurable risk. The reserve meets expenditure relating to various types of future claims which are not covered by the Insurance Fund.

The **Invest to Save Reserve** represents a sum set aside to generate long term financial benefits from pump-priming financial resources.

The **Redundancy and Re-organisation Reserve** is provided to support staffing cost implications of service transformation programmes.

The Council has a **Business Rates Risk Reserve** for planned future spending based on presumed business rates income that is yet to materialise. As part of this, it will be available to utilise in future years if the Council loses out on funding from the Business Rates Baseline reset and to smooth out Business Rates income caused by timing differences.

The **Housing Benefit Reserve** relates to the carry forward of an unspent budget to support HB payments while options to absorb the planned reduction in Discretionary Housing Benefit payment from government are considered.

The **Property Reserve** is to enhance the Council's operational estate.

The **Statues Reserve** is in place to provide the funds to maintain some of the many statues within Westminster.

The **Children's Services Reserve** supports projects within Children's services.

The **Contracts Risk Reserve** is held to protect the Council from any impact should any of its contracted services go into administration.

The **Economy & Inflation Reserve** is to protect the Council against the risk of external factors such as economic shocks and other potential national issues or crises.

The **Climate Change Reserve** has been created to help the council achieve its Climate emergency targets. The movement funds the climate emergency team and climate actions in 2022-23.

The **Capital Financing Reserve** has been renamed and was previously the MRP Equalisation reserve and is to fund the council's capital financing costs.

The **My Westminster Reserve** was set up to fund pre-existing programmes held in Westminster up until 2025/26.

The **Westminster CIL 5% Admin Reserve** represents the 5% retention on planning permission levies allowed to be retained by Local Authorities for administration purposes.

The **Public Health Reserve** is to fund on-going Public Health Contracts over the forthcoming years which has been evidenced via the WCC 10 year spending plan for the Public Health Service.

The **Corporate Investment Contingency Reserve** has been set up to cover the Local Authorities future investment risks.

Other Council Reserves represent minor balances.

Ring-Fenced Revenue Reserves represent carried forward funding, including Schools balances from the Dedicated Schools Grant (DSG) and grant funding of the Adult Education Service from the Education & Skills Funding Agency (ESFA) to match expenditure in line with the academic year.



4.3.

Notes Supporting the Balance Sheet

Note 18a Capital Contractual Commitments

At 31 March 2023, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years. The major commitments amounting to £1m or more are as follows and equivalent figures have been provided for 31 March 2022:

The council holds contracts with multiple suppliers in relation to housing delivery at Ebury Bridge. The total amount of outstanding commitment at 31st March 2023 is £90,406k and the individual supplier amounts are as follows:

Buoygues - £76,489k, Gardinar and Theobald - £5,400k, Ove Arup - £3,110k, Astudio - £2,690k, John F Hunt - £1,883k, Cundall Johnston and Partner - £834k.

31 March 2022		31 March 2023
£'000		£'000
50,000	Axis - Southern area maintenance.	40,000
50,000	United Living - Northern area maintenance.	40,000
36,324	FM Conway - Various Public Realm Schemes.	35,117
16,500	Oakray - Citywide electrical services.	13,200
-	Veolia - Electric waste vehicles and infrastructure *	10,755
12,110	Precision Lifts - Citywide lift maintenance.	9,688
9,750	GEM - Citywide mechanical services.	7,800
4,000	Effectable - Citywide property adaptations.	2,000
3,131	Vital Energi - Citywide carbon management programme.	-
181,815	Non-housing capital commitment total	158,560
111,673	Multiple suppliers - Ebury	90,406
-	Wates Construction Ltd - Balmoral Castle and Darwin House	32,224
-	Geoffrey Osbourne Ltd - Queens Park, Toridon Street and Adpar Street (Infills Package B)	25,321
38,285	Wilmott Dixon Construction LTD - 300 Harrow Road	7,460
7,673	Wates Construction Ltd - Luxborough	5,726
8,654	United Living Ltd - Lisson Arches**	-
17,428	Geoffrey Osbourne Ltd - Ashbridge, Ashmill & Cosway Street ***	-
183,713	Housing capital commitment total	161,137
365,528	Total	319,697

* In addition to the remaining £10,755k commitment, £9,304k has been paid and is shown in Note 27 Debtors as a prepayment

** At 31 March 2023 the outstanding capital commitment for United Living (Lisson Arches) is zero. However, in 2023/24 the final account will proceed through WCC governance resulting in a further £3,164k commitment.

*** At 31 March 2023, the outstanding capital commitment for Geoffrey Osbourne Ltd (Ashbridge, Ashmill and Cosway Street) is zero. However, in 2023/24 the final account will proceed through WCC governance resulting in a further £1,357k commitment

Note 18b Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years with the remainder indexed where possible. Sanderson Weatherall undertook valuations on behalf of the Council in 2022/23 for operational property and investment property. HRA stock was valued at 31 March 2023. Heritage assets were valued on an insurance basis in 2019/20.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset.

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Investment Property	Heritage Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and at depreciated historic cost	-	-	25,655	20,066	-	23,314	30,548	99,583
Different Valuations are applied to different asset classes								
31 st March 2023	1,624,176	97,539	572,157	504,998	-	-	-	2,798,870
31 st March 2022	-	-	22,904	-	-	-	-	22,904
31 st March 2021	-	3,969	19,059	-	-	-	-	23,028
31 st March 2020	-	-	15,444	-	44,578	-	-	60,022
31 st March 2019	-	1,058	6,574	-	-	-	-	7,632
Total Cost or Valuation	1,624,176	102,566	661,793	525,064	44,578	23,314	30,548	3,012,039

The valuation of operational and investment properties at 31 March 2023 totalled £2,798,870k. Of this amount, £925,144k were subject to full valuations in-year, £249,550k were subject to an indexed valuation and £1,624,176k were HRA housing stock valued using a beacon approach adjusted by an EUV-SH factor.

Note 18c Property, Plant and Equipment

Recognition

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

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

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 cost of dismantling and removing the item and restoring the site on which it is located

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historic cost. Other categories of Property, Plant and Equipment are subsequently re-measured at existing use or fair value – see General Principles within Note 1 for details. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets are revalued in accordance with the methodologies and

requirements of the Royal Institution of Chartered Surveyors.

Revaluation

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for 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.

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 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 in the same way as revaluation losses. 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 CIES against any receipts arising from the disposal as a gain or loss on disposal.

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:

- Buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer;
- HRA dwellings are depreciated based upon a component accounting basis. In the year of disposal a full year's depreciation is charged to the accounts and nothing in the year of acquisition;
- Vehicles, plant, furniture and equipment - straight line allocation over a useful life of 3 – 7 years;
- Infrastructure - straight-line allocation over 15 years.

Where an asset is material and has major components whose cost is significant to the total cost of the asset and have markedly different useful lives, the components are depreciated separately.

Note 18c Property, Plant and Equipment (continued)

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.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, are accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the CIES. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10,000 are categorised as capital receipts and must be credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals must be paid to the Government.

The written-off value of disposals is not a charge against council tax but is subject to separate arrangements for capital financing. Amounts reflected in the CIES are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of 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.

Infrastructure Assets

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year. An update to the Code and Specifications for Future Codes for Infrastructure Assets come into force in 25 December 2022, temporarily removing the need to disclose gross cost and accumulated depreciation of infrastructure assets until 31 March 2025.

Note 18c Property, Plant and Equipment – Closing Balances

	31 st March 2022	31 st March 2023
	£'000	£'000
Infrastructure Assets	328,883	348,838
Other PPE Assets	2,695,981	2,744,526
Total PPE Assets	3,024,864	3,093,364

Note 18c Infrastructure Assets – Movement of Balances

	2021/22	2022/23
	£'000	£'000
At 1 April	295,723	328,883
Additions	66,933	55,571
Depreciation	(33,773)	(35,657)
Impairments	-	-
Disposals and Decommissioning	-	-
Other Movements	-	41
At 31st March	328,883	348,838

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets 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. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2021/22

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction*	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation								
At 1 April 2021	1,562,036	99,102	606,032	17,977	27,691	198,301	2,511,139	14,809
Additions	65,279	407	48,079	3,287	2,520	103,171	222,743	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	24,002	5,536	4,329	-	-	-	33,867	568
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,813)	(508)	(3,037)	-	-	-	(12,358)	-
Derecognition – Disposals	(5,132)	(185)	(3,010)	-	-	-	(8,327)	-
Derecognition – Other	-	-	(805)	-	-	-	(805)	-
Assets reclassified (to)/from assets held for sale	-	-	(2,790)	-	-	(33,768)	(36,558)	-
Other movement in Cost or Valuation	29,697	(2,771)	9,001	1891	-	(34,811)	3,007	(122)
At 31 March 2022	1,667,069	101,581	657,799	23,155	30,211	232,893	2,712,708	15,255

*Of the £232.893m balance of AUC Assets at 31 March 2022, £218.171m represents HRA assets under construction and £14.722m represents GF assets under construction.

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2021/22 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1 April 2021	-	(156)	(4,891)	(10,039)	-	-	(15,086)	(5,138)
Depreciation Charge	(18,093)	(1,471)	(14,164)	(3,886)	-	-	(37,614)	(164)
Depreciation written out on revaluations recognised in the Revaluation Reserve	18,093	1,137	12,817	-	-	-	32,047	164
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	-	219	2,856	-	-	-	3,075	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	30	-	-	-	30	-
Derecognition - Other	-	-	805	-	-	-	805	-
Other Movements in Depreciation and Impairments	-	121	16	(121)	-	-	16	123
At 31 March 2022	-	(150)	(2,531)	(14,046)	-	-	(16,727)	(5,015)
Net Book Value:								
At 31 March 2022	1,667,069	101,431	655,268	9,109	30,211	232,893	2,695,981	10,240
At 31 March 2021	1,562,036	98,946	601,141	7,938	27,691	198,301	2,496,053	9,671

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2022/23

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction*	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation								
At 1 April 2022	1,667,069	101,581	657,799	23,155	30,211	232,893	2,712,708	15,255
Additions	68,811	120	35,261	1,781	337	126,439	232,749	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(131,735)	2,446	(1,792)	-	-	-	(131,081)	(70)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(16,688)	(119)	(19,565)	-	-	-	(36,372)	-
Derecognition – Disposals	(4,443)	-	(2,101)	(973)	-	-	(7,517)	-
Derecognition – Other	-	-	(4,400)	-	-	-	(4,400)	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	(1,486)	(1,486)	-
Other movement in Cost or Valuation	41,162	(1,462)	(3,409)	(649)	-	(37,892)	(2,250)	-
At 31 March 2023	1,624,176	102,566	661,793	23,314	30,548	319,954	2,762,351	15,185

*Of the £319.954m balance of AUC Assets at 31 March 2023, £265.292m represents HRA assets under construction and £54.662m represents GF assets under construction.

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2022/23 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1 April 2022	-	(150)	(2,531)	(14,046)	-	-	(16,727)	(5,015)
Depreciation Charge	(18,811)	(1,428)	(15,564)	(1,279)	-	-	(37,082)	(179)
Depreciation written out on revaluations recognised in the Revaluation Reserve	18,811	1,197	10,951	-	-	-	30,959	179
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	-	173	3,294	-	-	-	3,467	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	65	855	-	-	920	-
Derecognition - Other	-	-	564	-	-	-	564	-
Other Movements in Depreciation and Impairments	-	-	68	6	-	-	74	-
At 31 March 2023	-	(208)	(3,153)	(14,464)	-	-	(17,825)	(5,015)
Net Book Value:								
At 31 March 2023	1,624,176	102,358	658,640	8,850	30,548	319,954	2,744,526	10,170
At 31 March 2022	1,667,069	101,431	655,268	9,109	30,211	232,893	2,695,981	10,240

Note 19 Heritage Assets

The Council's heritage assets fall into two categories:

- 86 statues and monuments located throughout the city, the most notable of which are Cleopatra's Needle and Sphinxes on Victoria Embankment and Shaftsbury Memorial Fountain (commonly known as Eros) at Piccadilly Circus, and
- A collection of civic regalia, including the Mayor's chain, and works of art comprising 112 paintings largely of past mayors and aldermen of the borough.

The Council's heritage assets have been donated to the Council and its predecessor bodies over the past two centuries. All statues and monuments are accessible to members of the public as they form part of the public realm. The Council's collection of civic regalia and works of art is held at City Hall – access is by application.

	Statues and Monuments	Civic Regalia, Works of Art, Trophies and similar	Total Assets
	£'000	£'000	£'000
Balance at 1 April 2022	39,920	4,658	44,578
Revaluations	-	-	-
Balance at 31 March 2023	39,920	4,658	44,578

Where assets are donated for nil consideration they are recognised at valuation. All heritage assets were revalued in 2019/20 on an insurance basis supplemented with a specialist valuation of the collection of civic regalia and works of art. Heritage assets are not subject to depreciation but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

Note 20 Investment Property

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:

2021/22			2022/23			
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
8,344	31,633	39,977	Rental income from investment property	9,177	33,774	42,951
(1,565)	(12,233)	(13,798)	Direct operating expenses arising from investment property	(1,519)	(10,973)	(12,492)
6,779	19,400	26,179	Net gain	7,658	22,801	30,459

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. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Note 20 Investment Property (continued)

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

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

2021/22				2022/23		
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
137,202	330,184	467,386	Balance at 1 April	135,206	327,595	462,801
Additions:						
-	-	-	Purchases	-	20,066	20,066
1,346	1,591	2,937	Subsequent expenditure	1,022	11,998	13,020
-	(3,114)	(3,114)	Disposals	61	-	61
(4,448)	(2,415)	(6,863)	Net gains/losses from fair value adjustments	3,831	23,123	26,954
Transfers:						
(919)	919	-	Assets reclassified (to)/from HRA & GF	-	-	-
2,025	430	2,455	Assets reclassified (to)/from Property, Plant and Equipment	1,462	700	2,162
135,206	327,595	462,801	Balance at 31 March	141,582	383,482	525,064

Please see fair value disclosures in Note 38.

Note 21 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are initially measured at fair value.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are classified as below:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

Note 21a Financial Instruments

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 27 and 28 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

31 March 2022			31 March 2023	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
Fair Value Through Profit and Loss – Financial Assets				
27,737	-	Investments	28,723	-
Financial assets at amortised cost				
80	383,429	Investments	80	656,569
132,034	101,164	Debtors	86,186	77,004
-	64,998	Cash and Cash Equivalents	-	213,589
159,851	549,591	Total Financial Assets	114,989	947,162
Financial liabilities at amortised cost				
(237,616)	(62,229)	Borrowing	(389,398)	(12,726)
(1,269)	(92,857)	Creditors	(6,051)	(90,677)
(15,847)	(1,197)	Service concession and finance lease liabilities	(15,546)	(1,210)
(254,732)	(156,283)	Total Financial Liabilities	(410,995)	(104,613)

Note 21b Financial Instruments

Income, Expense, Gains and Losses

2021/22			2022/23			
Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss		Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
£'000	£'000	£'000		£'000	£'000	£'000
-	-	(1,354)	Net loss on financial assets at fair value through profit and loss	-	-	(986)
8,536	-	-	Interest Expense	11,329	-	-
8,536	-	(1,354)	Total Expense in Surplus/Deficit on the Provision of Service	11,329	-	(986)
-	(5,792)	-	Interest Income	-	(28,073)	-
-	(5,792)	-	Total income in Surplus/Deficit on the Provision of Services	-	(28,073)	-
8,536	(5,792)	(1,354)	Net Gain/(Loss) for the Year	11,329	(28,073)	(986)

Note 21c Financial Instruments (continued)

Fair value of assets and liabilities

Financial liabilities and financial assets classed as financial assets and financial liabilities at amortised cost are carried in the balance sheet at amortised cost.

Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments.

- The fair value of borrowing is less than the carrying value because this reflects the fact that the average rate of interest (3.18%) on the Council's borrowing is lower than current rates (4.21 – 4.69%) for new borrowing.

31 March 2022			31 March 2023	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
Fair Value Through Profit and Loss				
27,737	27,737	Investments	28,723	28,723
Financial Assets Held at Amortised Cost				
383,509	383,509	Investments	656,649	656,649
233,198	234,212	Debtors	163,190	165,137
64,998	64,998	Cash and Cash Equivalents	213,589	213,589
709,442	710,456	Total Financial Assets	1,062,151	1,064,098
Financial liabilities at amortised cost				
Borrowing				
(131,469)	(148,376)	Public Works Loan Board	(131,411)	(123,800)
(70,814)	(93,361)	Lender Option Borrower Options	(70,814)	(65,861)
(37,547)	(40,181)	Private Placement Borrowing	(199,899)	(121,406)
(60,014)	(58,584)	Local Authority	-	-
(299,845)	(340,502)		(402,124)	(311,067)
(94,126)	(94,126)	Creditors	(96,728)	(96,728)
(17,044)	(25,595)	Service concession and finance lease liabilities	(16,756)	(16,798)
(411,015)	(460,223)	Total Financial Liabilities	(515,608)	(424,593)

Note 21d Material Soft Loans Made

Various loans have been made to Westminster Builds that are classed as soft loans, meaning they do not bear interest. To date the value of the loans drawn down by Westminster Builds is £21.4m.

The discount rate used for the fair value adjustment on the loans is based on other loans to Westminster Builds provided at commercial rates relative to the Council's prevailing borrowing rate at the time of each agreement.

2021/22		2022/23	
Total		Total	
£'000		£'000	
13,231	Balance at 1 April	15,314	
4,242	Nominal Value of New Loans in Year	821	
(2,898)	Fair Value Adjustment on Initial Recognition	(569)	
739	Increase in Discounted Amount	838	
-	Other Changes	-	
15,314	Balance at 31 March	16,404	
20,533	Nominal Value of Loans	21,354	

Note 22 Cash and Cash Equivalents

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

31 March 2022		31 March 2023	
£'000		£'000	
7,080	Cash held by the Authority	13,234	
(13,596)	Cash at bank	11,529	
71,514	Short-term liquid deposits	188,826	
64,998	Total Cash and Cash Equivalents	213,589	

Note 23 Nature and Extent of Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

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 not made with financial institutions unless they meet minimum credit ratings from the three major credit ratings agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each rating category and country. The Annual Investment Strategy is contained within the Council's approved Treasury Management Strategy.

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

After this main principle, the Council will ensure that:

- it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

Credit rating information is supplied by Link Asset Services, the Council's treasury advisors. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the

longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing.

The Council considers the following relevant matters when proposing counterparties:

- the financial position and jurisdiction of the institution;
- the market pricing of credit default swaps for the institution;
- any implicit or explicit Government support for the institution;

In respect of the recognition and measurement of anticipated losses on investments held with financial institutions these were third-party tested on investments held at 31st March 2023, however given the high credit rating and low duration of the Council's strategy the amount of expected losses is small at just under £0.044m.

Note 23 Nature and Extent of Risk (continued)

A summary of the credit quality of the Council's investments at 31 March 2023 is shown below:

31 March 2022			31 March 2023	
Fair Value through Profit & loss	Amortised Cost	Fitch Rating	Fair Value through Profit & loss	Amortised Cost
£'000	£'000		£'000	£'000
-	71,515	AAA	-	188,826
-	-	AA+	-	-
-	4	AA	-	50,555
-	178,198	AA-	-	342,445
-	198,711	A+	-	283,790
-	-	A	-	-
27,737	233,277	N/A	28,723	167,812
27,737	681,705	Total	28,723	1,033,428

The Council does not allow credit for customers, as such, all unpaid balances are past due date for payment. The gross past due sundry debtor amount can be analysed by age as follows:

31 March 2022		31 March 2023	
£'000		£'000	
96,812	Less than three months	72,092	
526	Three to six months	446	
563	Six months to one year	1,742	
3,263	More than one year	2,724	
101,164	Total	77,004	

Note 23 Nature and Extent of Risk (continued)

IMPAIRMENT OF FINANCIAL ASSETS

The Authority recognises an allowance for expected credit losses on financial assets measured at amortised cost, debt instruments measured at amortised cost, Business Rates, lease receivables, trade receivables and contract assets, as well as on certain financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

Trade Receivables

For trade receivables, the Authority applies a simplified approach permitted under IFRS 9 and recognises a loss allowance equal to lifetime expected credit losses. The expected credit losses on these financial assets are estimated using a unique method for each service area based on their respective historical credit loss experience and adjusted for factors that are specific to each area, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

In measuring the expected credit losses, if specific information regarding recoverability of any major debt is available then balances are assessed individually for impairment. Debts not assessed individually have been assessed on a collective basis based on unique method for each service area. Debtors are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

Note 23 Nature and Extent of Risk (continued)

Parking

Parking service area has highest share in total impairment allowance for WCC, approx. 25% for year 2022/23. The impairment allowance is based on recovery rates for the last 3 years, with adjustments made for any unique or one-off events like COVID-19, and average value recovered per PCN over the same period).

On the above basis, the expected loss allowance for Parking as at 31 March 2023 is as follows:

PCNs			
Expected Recovery	Paid to date	Average Value	Total Recoverable
0.71		£114.35	
289,925	274,582		2,083,987
2022/23 Recoverable Debtor 31st March 2023			2,083,987

	Vol	£
PCN Debtor-Prior Years	92,859	15,469,243
PCN Debtor-Current Year 2022/23	106,372	14,717,998
Total PCN Debtor as at 31st March 2023	199,231	30,187,241
2022/23 Recoverable Debtor 31st March 2023		(2,083,987)
Provision for Bad Debts Closing balance		28,103,254

Note 23 Nature and Extent of Risk (continued),

Business Rates

For Business rates, the Authority applies an incurred loss model and creates an impairment allowance based on recovery stage & age of debt per the following percentages. NB. Debt over four years old is provided for at 100%. The total impairment allowance is then increased for 75% of the recoverable costs carried forward.

Bad Debt Provision	2018/19 & Prior	2019/20	2020/21	2021/22	2022/23
No Recovery	100%	50%	40%	25%	20%
Reminder/Final	100%	75%	60%	50%	30%
Enforcement	100%	100%	100%	70%	50%

The debt by age and recovery stage is as follows:

Recovery Stage	2018/19 & Prior £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Total £
No Recovery	579,378	1,379,064	3,613,139	5,252,542	22,784,276	33,608,399
Reminder/Final	2,916,272	4,661,437	10,044,426	16,984,962	34,663,917	69,271,014
Enforcement	4,953,079	8,966,748	8,838,122	22,278,092	32,787,814	77,823,855
Total	8,448,729	15,007,249	22,495,687	44,515,596	90,236,007	180,703,268

Applying the above percentages gives an impairment allowance of £94,661.338m per the following table

Recovery Stage	2018/19 & Prior £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Total £
No Recovery	579,378	689,532	1,445,256	1,313,136	4,556,855	8,584,157
Reminder/Final	2,916,272	3,496,078	6,026,655	8,492,481	10,399,175	31,330,661
Enforcement	4,953,079	8,966,748	8,838,122	15,594,664	16,393,907	54,746,520
Total	8,448,729	13,152,358	16,310,033	25,400,281	31,349,937	94,661,338

Increase for 75% of recoverable costs gives a total impairment allowance of £95,065.608m, which is apportioned between the council and the preceptors.

Bad Debt Provision	£
Bad Debt Provision	94,661,338
Court Cost	404,270
Total	95,065,608
WCC Share @ 30%	28,398,401
GLA @ 37%	35,024,695
CLG @ 33%	31,238,242

Note 23 Nature and Extent of Risk (continued)

LIQUIDITY RISK

- The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has immediate access to liquid investments as well as 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. The maturity analysis of financial liabilities is as follows:

31 March 2022

	PWLB	LOBO*	Private Placement	Local Authority	Mortgage Annuity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	(774)	(814)	(576)	(60,014)	(51)	(62,229)
Between one and two years	-	(10,000)	(544)	-	-	(10,544)
Between two and five years	(21,000)	-	(1,721)	-	-	(22,721)
Maturing in five to ten years	(41,700)	-	(3,196)	-	-	(44,896)
Maturing in more than ten years	(67,945)	(60,000)	(31,510)	-	-	(159,455)
Total						(299,845)

31 March 2023

	PWLB	LOBO*	Private Placement	Local Authority	Mortgage Annuity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	(767)	(10,814)	(1,145)	-	-	(12,726)
Between one and two years	(10,000)	-	(738)	-	-	(10,738)
Between two and five years	(15,000)	-	(2,337)	-	-	(17,337)
Maturing in five to ten years	(47,700)	-	(4,341)	-	-	(52,041)
Maturing in more than ten years	(57,945)	(60,000)	(191,337)	-	-	(309,282)
Total						(402,124)

The LOBO maturity profile assumes that the lender will not exercise their option until maturity. The LOBOs are of fixed rates, ranging between 3.65% and 10.75%. Of the total amount, £25m have a break clause of every 5 years, whilst £45m have a break clause at every interest payment date twice a year. It is considered unlikely that the lender will exercise their option to request early repayment of these LOBOs.

Note 23 Nature and Extent of Risk (continued)

MARKET RISK

Interest Rate Risk

The Council is exposed to changes in interest rates as a result of its borrowings being at long-term fixed rates and investment being short-term or at variable rates of interest. Consequently, falls in interest rates will have an adverse impact on the Council's finances.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowing would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

However, changes in interest receivable on a particular investment class, namely, variable floating rate notes in the sum of £10m, will be posted to the surplus or deficit on the Provision of Services and will affect the General Fund Balance.

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

Price Risk

The Council holds some financial instruments of which the capital value may fluctuate as a result of market conditions. However, these instruments are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

Note 24 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/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are utilised by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22	GF	HRA		2022/23	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
891,800	597,965	293,835	Capital Financing Requirement at 1 April	997,776	671,510	326,266
(9,324)	(15,124)	5,800	Adjustment to opening CFR*	-	-	-
882,476	582,841	299,635	Revised Opening CFR	997,776	671,510	326,266
Capital investment						
289,676	126,882	162,794	Property, Plant and Equipment	288,913	129,840	159,073
2,937	1,591	1,346	Investment Properties	33,086	32,306	780
3,078	3,078	-	Intangible Assets	4,667	4,667	-
6,037	6,037	-	Revenue Expenditure Funded from Capital under Statute	11,857	11,857	-
49,660	49,660	-	Long-term Investments	31,649	18,684	12,965
(284)	(284)	-	Abortive Project Costs	(593)	(593)	-
Sources of finance						
(58,626)	(20,553)	(38,073)	Capital Receipts	(61,502)	(15,858)	(45,644)
(131,814)	(58,219)	(73,595)	Government grants and other contributions	(151,486)	(46,566)	(104,920)
				-	-	-
Sums set aside from revenue						
(125)	(125)	-	Direct Revenue Contributions	(17,124)	(17,124)	-
(25,841)	-	(25,841)	Major Repairs Allowance	(22,254)	-	(22,254)

Note 24 Capital Expenditure and Capital Financing (continued)

2021/22	GF	HRA		2022/23	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
Debt repayment						
(18,318)	(18,318)	-	Minimum Revenue Provision	(25,276)	(25,276)	-
(141)	(141)	-	Minimum Revenue Provision PFI and Finance Lease	(310)	(310)	-
(939)	(939)	-	Loan Repayment	(63,560)	(63,560)	-
997,776	671,510	326,266	Capital Financing Requirement at 31 March	1,025,843	699,577	326,266
Explanation of movements in year						
134,698	108,067	26,631	Increase /(decrease) in underlying need for borrowing (unsupported by government financial assistance)	117,213	117,213	-
(17,738)	(17,738)	-	Statutory provision for repayment of debt (Minimum Revenue Provision)	(25,276)	(25,276)	-
(141)	(141)	-	Statutory provision for PFI and Finance Lease debt (Minimum Revenue Provision)	(310)	(310)	-
(10,843)	(10,843)	-	Loan Repayment	(63,560)	(63,560)	-
-	(5,800)	5,800	Reversal of Appropriation *	-	-	-
105,976	73,545	32,431	Total	28,067	28,067	-

Note 25 Leases

COUNCIL AS LESSEE

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the land and building elements are considered separately for classification.

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

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

The interest element of finance leases is charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure

Statement. The principal element of finance lease payments is applied to write down the lease liability.

31 March 2022		31 March 2023	
£'000		£'000	
100,881	Other Land and Buildings	109,064	
100,881	Total	109,064	

Minimum Lease Payments

The Council is committed to making minimum lease payments under these leases to settle the long-term liability for the interest in the properties acquired by the Council. The table below reconciles the future minimum lease payments to their present values.

31 March 2022				31 March 2023		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
904	881	834	Not later than one year	904	880	834
3,617	3,509	2,737	Later than one year and not later than five years	3,617	3,502	2,737
38,789	28,274	7,075	Later than five years	37,885	27,401	7,052
43,310	32,664	10,646	Total	42,406	31,783	10,623

The minimum lease payments do not include rents that are contingent on an event taking place after the lease was entered into, such as adjustment following rent reviews and potential hurdles linked to turnover rents or profit share.

31 March 2022		31 March 2023	
£'000		£'000	
3,388	Contingent Rent due within 1 Year	3,442	

Note 25 Leases (continued)

Operating Leases

All other leases are treated as operating leases.

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

The Council has a number of properties and equipment held under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2022		31 March 2023	
£'000		£'000	
52,208	Not later than one year	54,263	
4,763	Later than one year and not later than five years	5,182	
583,253	Later than five years	588,397	
640,224	Total	647,842	

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

31 March 2022		31 March 2023	
£'000		£'000	
59,546	Minimum lease payments	59,654	
717	Contingent rents	706	
(33,078)	Sublease payments receivable	(35,164)	
27,185	Total	25,196	

Note 25 Leases (continued)

COUNCIL AS LESSOR

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease. This value then reduces over time as principal repayments are made.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement 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).

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

31 March 2022		31 March 2023	
£'000		£'000	
30,084	Not later than one year	31,706	
106,685	Later than one year and not later than five years	104,757	
1,340,635	Later than five years	1,308,049	
1,477,404	Total	1,444,512	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 26 Service Concessions

Service concessions are contracts to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council recognises the assets used under such contracts on its Balance Sheet within Property, Plant and Equipment, because it controls the services that are provided under the contracts, has exclusive use of the assets concerned, and ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

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

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

The amounts payable to the service concession operators each year are analysed into five elements which are accounted for as set out below:

- Fair value of services received during the year – debited to the relevant service line in the CIES
- finance costs, debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rents to be paid for the property during the contract - debited to the

Financing and Investment Income and Expenditure line in the CIES

- principal repayments – reduce the Balance Sheet liability
- lifecycle replacement costs – recognised as additions to Property, Plant and Equipment when the relevant works have been carried out

Veolia Waste Disposal Contract

2017/18 was due to be the final year of a seven-year service concession contract for waste and recycling collection, street cleansing and ancillary services, terminating part way through 2017/18. This contract was extended during the year to now terminate part way through 2024/25. Under the contract, the operator provides a fleet of vehicles subject to a renewal programme approved by the Authority for the sole use of the contract. During the contract period to date, the vehicle fleet was completely renewed in April 2012 at a cost of £5.015m. At the end of the contract, the Authority has the option to purchase the vehicles at net book value, which is currently estimated to be £nil. The contract provides for the Authority's depots to be leased to the operator for the duration of the contract and returned to the Authority in good condition at the end of contract. The contract specifies the routes and to whom the services are provided, minimum standards of service with deductions from the fee payable if performance falls below the minimum standards.

Haven Contract

The Haven contract is a 25-year contract which started in 1998. Under the contract the operator has provided a new nursing home at Forrester Court. The operator valued the building at £4.2m when it became operational. The Authority occupies the majority of the beds (maximum 90 and minimum of 84) and a small element (about 20 beds) is sold to the marketplace by the operator. The Authority regulates the services provided and has nomination rights to the majority of the beds. There is no fixed unitary charge but the Council is charged per bed and must use the maximum 90 bed allocation (78 guaranteed) otherwise adjustments to charges are made. The Authority owns the freehold to the land. The contract between the council and the operator for the land ends 4 years after the contract to provide service ends and if these contracts are to be coterminous the local authority must pay the operator £1.1m. The local authority is currently reviewing the most suitable option.

Penfold Contract

Penfold Street was jointly commissioned in 2004 between the Council and Notting Hill Housing Trust with the objective of providing housing for older people in the heart of London. Under the terms of the contract, the Authority provided the operator with a site for demolition and development on a 99 year lease, the operator constructed a new building on the site, which reverts to the Authority at the end of the lease, and the Authority

has 100% nomination rights and provides an annual care contract for residents. The operator retains all rent and service charge income from residents.

Sport and Leisure Management Ltd contract

2022/23 was the seventh year of a ten-year service concession contract with Sport and Leisure Management Ltd which commenced on 1 July 2016, to take over the operation and maintenance of the Council's eight leisure centres, including an upgrade of the facilities over the first two years of the contract. Under the contract, the contractor will retain all income generated, but in addition there is a profit share in the event the financial performance targets are exceeded. The contractor will pay a management fee of £35.4m to the Council over the life of the contract.

The Council has the rights under the contract to specify the activities and services to be provided and regulate the prices charged. The contract specifies

minimum standards to be met by the contractor with penalties payable if the facilities or performance is below minimum standards. The Council is responsible for the maintenance of the structure of the leisure centres, and the contractor for maintenance and redecoration, including equipment replacement.

The buildings, plant and equipment provided by the Council at the start of the contract remain the Council's assets, together with the planned enhancement works. In addition, the Council has the right to buy any plant and equipment supplied by the contract at the end of the contract at its written down value. The Council has an option to extend the contract for a further five years. Also, the Council has the option to terminate the contract either for poor performance or, in the event that the Council wishes to reconfigure leisure services, it may terminate the contract subject to paying compensation to the contractor.

Property, Plant and Equipment

The assets used to provide services under the service concession contracts are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 18c.

Payments

The Authority makes agreed payments each year to the operators, increased in line with inflation where stated in the contract and similarly reduced if performance falls below minimum standards in any year. Payments remaining to be made under the Service Concession contracts at 31 March 2023 (including an estimate of inflation) are as follows:

2022/23	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2023/24	58,647	376	7	59,030
Payable within 2 to 5 years	26,417	387	1	26,805
Payable within 6-10 years	-	363	-	363
Payable within 11-15 years	-	363	-	363
Payable within 16 - 20 years	-	363	-	363
Payable within 21+ years	-	4,281	-	4,281
Total	85,064	6,133	8	91,205

Note 26 Service Concessions (continued)

2021/22	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2022/23	51,869	363	36	52,268
Payable within 2 to 5 years	71,698	594	7	72,299
Payable within 6-10 years	-	363	-	363
Payable within 11-15 years	-	363	-	363
Payable within 16 - 20 years	-	363	-	363
Payable within 21+ years	-	4,352	-	4,352
Total	123,567	6,398	43	130,008

Whilst the unitary payments made to the contractors have been calculated to compensate the contractor for the fair value of the services provided, the financing costs arising from the capital expenditure incurred remain to be reimbursed as set out below:

	2021/22	2022/23
	£'000	£'000
Balance outstanding at start of the year	6,517	6,398
Payments made during the year	(119)	(265)
Balance outstanding at year end	6,398	6,133

Note 27 Debtors

31 March 2022				31 March 2023		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	256,113	256,113	Westminster Share of Business Rate*	-	47,846	47,846
-	44,839	44,839	Property (rental income on investment portfolio)**	-	7,258	7,258
-	35,427	35,427	Sundry Debtors	-	82,497	82,497
-	40,654	40,654	DLUHC	-	34,351	34,351
-	27,170	27,170	Parking Fines	-	30,796	30,796
-	22,238	22,238	Westminster Share of Council Tax	-	23,954	23,954
-	18,172	18,172	VAT	-	12,438	12,438
-	16,878	16,878	Housing Benefits overpayments	-	16,992	16,992
-	14,331	14,331	Adults Services	-	10,992	10,992
-	7,693	7,693	Business Rates Supplement - GLA	-	9,275	9,275
-	7,499	7,499	Housing - Temporary Accommodation	-	8,496	8,496
-	5,600	5,600	HRA Rent & Lessee Service Charges	-	6,453	6,453
-	4,569	4,569	HRA Capital Receipts***	-	11	11
71,562	-	71,562	Westminster Housing Investments Ltd****	33,615	-	33,615
17,676	6,141	23,817	HRA Major Works	17,063	6,498	23,561
19,154	1,000	20,154	Local Government Association	18,146	1,000	19,146
8,226	-	8,226	City Hall Rent	10,054	-	10,054
7,283	-	7,283	Westminster Community Homes	6,329	-	6,329
7,059	-	7,059	Moberly Loan	-	-	-
1,074	-	1,074	Other Long-term Debtors	980	-	980
-	(112,478)	(112,478)	Less: Provision for irrecoverable debts (see below)	-	(111,663)	(111,663)
132,034	395,846	527,880	Total	86,187	187,194	273,381

Note 27 Debtors (continued)

* 21/22 NNDR deficit recovered during 22/23 which has reduced the overall debtor balance outstanding in 22/23.

** The significant change of £38m relates partly to the completion of capital acquisition of 211-221 Vauxhall Bridge Road & a few other small properties in 22/23.

*** Change of £4.5m relates to the completion and receipt of funds from sale of Parsons North at the end of year 21-22, the cash was in transit as at 31 March 2022.

**** WHIL is wholly owned subsidiary of WCC. Luton St loan between WCC and LLP and WCC and WCH has been settled in year (total approx. £40m). This materially accounts for the movement between years.

Impairment allowance for doubtful debts

31 March 2022		31 March 2023	
£'000		£'000	
(33,360)	Business Rates	(28,803)	
(24,262)	Parking Fines	(28,103)	
(15,910)	Housing Benefits overpayments	(16,469)	
(11,536)	Council Tax	(15,152)	
(5,918)	Housing - Temporary Accommodation	(6,291)	
(2,900)	Property (rental income on investment portfolio)	(3,258)	
(2,675)	Adults Services	(3,176)	
(3,203)	HRA Major Works	-	
(1,721)	HRA Rent & Lessee Service Charges	(1,661)	
(10,993)	Other Provisions	(8,750)	
(112,478)	Total	(111,663)	

Note 28 Creditors

31 March 2022				31 March 2023		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(306,615)	(306,615)	Amount owed to Government - Business rates*	-	(402,056)	(402,056)
-	(74,981)	(74,981)	Sundry Creditors	-	(83,318)	(83,318)
-	(62,299)	(62,299)	Covid Additional Relief Fund owed to Preceptor and Government**	-	(62,098)	(62,098)
-	(61,455)	(61,455)	WCC share of Business Rate prepayments	-	(71,725)	(71,725)
-	(22,165)	(22,165)	Receipts in advance***	-	(17,192)	(17,192)
-	(20,001)	(20,001)	Amounts owed to Government - Business & Residents Covid Grants****	-	(12,923)	(12,923)
-	(13,673)	(13,673)	Major Works	-	(15,470)	(15,470)
-	(4,544)	(4,544)	WCC share of Council Tax prepayments	-	(8,162)	(8,162)
-	(4,429)	(4,429)	PAYE & NI	-	(3,895)	(3,895)
-	(4,263)	(4,263)	HRA Rent Prepayments	-	(4,182)	(4,182)
-	(4,204)	(4,204)	Capital Pooling*****	-	-	-
-	(1,764)	(1,764)	HRA Service Charge Prepayments	-	(1,620)	(1,620)
(1,269)	-	(1,269)	Long term Creditors	(6,051)	-	(6,051)
(1,269)	(580,393)	(581,662)	Total	(6,051)	(682,641)	(688,692)

* This balance represents the amount owed to the DLUHC and the GLA in relation to business rate income

** The Council received £88.712m of Covid Additional Relief Funding (CARF) for itself, GLA and DLUHC. Grants to businesses were awarded during 22/23. The DLUHC and GLA share of funding will be paid to them during 23/24.

***Receipts in advance includes: £8.007m property rental income relating to 2022/23 (£7.410m in March 2022)

****Funding received from Government to provide grants to local businesses to assist with covid restrictions. £12.923m funding is remaining as at 31 March 2023

***** Local authorities have been granted full retention of Right to Buy receipts to further enable housing building therefore capital pooling payment are not required for 22/23.

Note 29 Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are determined to be short or long term dependent on when settlement is expected.

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.

Where some or all of the payment required to settle a provision is expected to be recovered from a third party, 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.

The table below sets out the provisions for 2022/23.

	Balance at 1 April 2022	Transfers between long- term and short-term	Additional provisions made in 2022/23	Amounts used in 2022/23	Unused amounts reversed in 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Short Term Provision						
Business Rates Appeals	(39,305)	(66,191)	(52,010)	42,228	-	(115,278)
Compensation, Property and Contractual Claims	(182)	-	-	-	-	(182)
Other	(792)	(380)	(100)	298	182	(792)
Total	(40,279)	(66,571)	(52,110)	42,526	182	(116,252)
Long Term Provision						
Compensation, Property and Contractual Claims	(1,519)	-	(398)	442	-	(1,475)
Insurance Claims	(5,305)	-	(869)	-	-	(6,174)
Business Rates Appeals	(82,252)	66,191	-	-	-	(16,061)
Other	(2,348)	380	-	717	1,151	(100)
Total	(91,424)	66,571	(1,267)	1,159	1,151	(23,810)
Grand Total	(131,703)	-	(53,377)	43,685	1,333	(140,062)

Note 29 Provisions (continued)

Closing provisions include the following elements:

Compensation, Property and Contractual Claims

This provision relates to a range of smaller claims against the Council for which financial resources have been set aside.

Insurance Claims

A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements. This is assessed by a professional insurance contractor on an annual basis and adjusted as appropriate.

Business Rates Appeals

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities because of Business Rate payers' appeals against rateable valuations. From 2020/21 the Council is responsible for 30% share of this liability; Greater London Authority is responsible for 37% and 33% for Central Government. The provision is largely derived from appeals lodged to date, but yet to be determined by the Valuation Office Agency (VOA) under the Check, Challenge and Appeals process. The deadline for lodging and appeal against the 2017 valuation list was 31 March 2023. A small amount has been set aside for appeals yet to be lodged as there are a limited number of instances where these can still be submitted after this date. The VOA aim to resolve checks and challenges within a prescribed period of time and this has been used to determine the split between the short and long term element of the provision.

Other

Other provisions include those relating to a small number of legal and planning related cases.

Note 30 Other Long-Term Liabilities

2021/22		Note	2022/23
£'000			£'000
(10,646)	Lease Liabilities*	Note 25	(10,599)
(6,398)	Service Concessions	Note 26	(6,133)
(560,553)	Pension Liability	Note 31	(84,440)
(577,597)	Total		(101,172)

*These represent the debt associated with financing a council asset by a finance lease arrangement. As at 31st March 2023 The Finance leases include City hall, Portman Sq car park, Knightsbridge car park and Harley St car park.

Note 31 Pension Schemes

PARTICIPATION IN PENSIONS 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 fund the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

POST-EMPLOYMENT BENEFITS

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions Agency on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Westminster City Council and the London Pension Fund Authority.
- The NHS Pension Scheme, administered by NHS Business Services Agency (NHSBSA).

All of the above schemes provide defined benefits to members e.g. retirement lump sums and pensions, earned as employees working for the Council, or for related parties.

Under IAS 19 and Code requirements, the Council recognises the cost of post-employment 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 arrangements for the Teachers' Scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. Children's Services and Adult Services within the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to Teachers' Pensions and NHS Pensions respectively in the year.

Note 31a Pensions Schemes Accounted for as Defined Contribution Schemes

TEACHERS' PENSIONS SCHEME

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries. The Scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. However, this is a multi-employer scheme and the number of participating employers makes it impossible to identify the Council's share of the financial position and performance attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as a defined contribution scheme. In 2022/23, the Council paid £5.370m (£5.455m in 2021/22) to the Teachers Pensions Agency in respect of teachers' retirement benefits. The expected contributions to the Teachers' Pension Scheme for 2023/24 are £5.370m, unchanged from 2022/23.

NHS STAFF PENSION SCHEME

Former NHS employees that work for the Council can choose to maintain their membership of the NHS Pension Scheme. The Scheme provides these employees 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 an unfunded defined benefit scheme.

- However, 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. As a result, for the purposes of this Statement of Accounts, the Council accounts for the scheme on the same basis as a defined contribution scheme. In 2022/23, the Council paid £0.038m (£0.051m in 2021/22) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. The Council expects contributions to the NHS Pension scheme for 2023/24 to be £0.038m, unchanged from 2022/23.

Note 31b Defined Benefit Pension Schemes

THE LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the City of Westminster Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is 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, including assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

This future liability is then discounted back to present value, using a discount rate determined by reference to market yields at the balance sheet date of high-quality corporate bonds.

The assets of the City of Westminster Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

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

- Service cost comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure

Statement (CIES) to the services for which the employees worked

- past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs
- net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 pension fund are charged to the General Fund via an entry in the Movement in

Reserves Statement to replace the service cost items above.

DISCRETIONARY BENEFITS

The Council provides discretionary post-employment benefits which arise from additional service and are awarded on a discretionary basis. These benefits are unfunded with costs met directly from the Council's revenue account.

DESCRIPTION OF THE WESTMINSTER FUND

The Council administers a defined benefit final salary scheme where the retirement benefits are determined independently from investments of the scheme, and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The schemes which make up the overall Westminster Scheme are: The Local Government Pension Scheme (LGPS) administered locally by Westminster City Council (WCC) which is a funded defined benefit final salary scheme meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets, and; the London Pensions Fund Authority (LPFA) Pension Fund administered by the London Pension Fund Authority.

Note 31b (i) – Net Pensions Liability

2021/22			2022/23		
Assets	Obligations	Net Liability	Assets	Obligations	Net Liability
£000s	£000s	£000s	£000s	£000s	£000s
1,237,516	(1,942,457)	(704,941)	1,341,637	(1,902,190)	(560,553)
(2,355)	2,355	-	-	-	-
1,235,161	(1,940,102)	(704,941)	1,341,637	(1,902,190)	(560,553)
Service Cost & Interest					
-	(64,150)	(64,150)	-	(63,362)	(63,362)
-	(559)	(559)	-	(1,471)	(1,471)
-	-	-	-	-	-
(28)	-	(28)	(7)	-	(7)
25,264	(38,984)	(13,720)	36,018	(51,687)	(15,669)
25,236	(103,693)	(78,457)	36,011	(116,520)	(80,509)
Contributions & Benefits Paid					
9,561	(9,561)	-	10,545	(10,545)	-
101,730	-	101,730	23,988	-	23,988
(50,244)	50,445	201	(46,795)	46,992	197
61,047	40,884	101,931	(12,262)	36,447	24,185
Remeasurements					
-	106,449	106,449	-	644,856	644,856
-	(914)	(914)	-	100,185	100,185
-	(4,814)	(4,814)	(12,534)	(115,650)	(128,184)
23,338	-	23,338	(80,298)	-	(80,298)
(3,145)	-	(3,145)	(4,122)	-	(4,122)
20,193	100,721	120,914	(96,954)	629,391	532,437
1,341,637	(1,902,190)	(560,553)	1,268,432	(1,352,872)	(84,440)

Note 31b (ii) – Defined Benefit Pension Schemes (continued)

**LOCAL GOVERNMENT PENSION
SCHEME ASSETS COMPRISED**

WCC Pension Scheme 31 March 2022			WCC Pension Scheme 31 March 2023	
£'000	%		£'000	%
107	0.0%	Equity securities - Other (Unquoted)	105	0.0%
66,977	5.1%	Debt Securities - Other (Unquoted)	-	
-		Debt Securities- Other	60,770	4.8%
-		Corporate Bonds - Overseas	-	
-		Equities - Overseas	-	
94,962	7.2%	Property (UK - unquoted)	26,596	2.1%
-		Property (UK)	55,106	4.4%
		Investment Funds and Unit Trusts		
860,602	65.0%	Equities	810,165	64.6%
162,481	12.3%	Bonds	108,474	9.0%
54,785	4.1%	Infrastructure (Unquoted)	104,426	8.0%
-		Other (unquoted)	31,326	2.5%
36,756	2.8%	Other	26,016	2.1%
-		Infrastructure	-	
-		Multi Asset Credit	-	
46,680	3.5%	Cash/Temporary Investments	31,467	2.5%
1,323,350	100%	Total	1,254,451	100%

Note 31b (iii) – Defined Benefit Pension Schemes (continued)

LPFA Pension Scheme 31 March 2022			LPFA Pension Scheme 31 March 2023		
£'000	%		£'000	%	
13,232	55.5%	Equities	13,464	56.6%	
5,236	22.0%	Target Return Portfolio	4,538	19.1%	
2,436	10.2%	Infrastructure	3,029	12.7%	
2,134	9.0%	Commodities	2,303	9.7%	
793	3.3%	Property (Unquoted)	457	1.9%	
23,831	100%	Total	23,791	100%	

BASIS FOR ESTIMATING ASSETS AND LIABILITIES

A change in any of the key assumptions can have a significant impact upon the size of the Council's pension liabilities, which would require the Council during its triennial review to adjust the amount it must pay the Westminster Pension Fund. The biggest risks include an increase in member life expectancy, salary and pension accumulation rate or a decrease in the real discount rate, which would have an impact on the Council's liability to the Pension Fund.

Discounting of future payments gives the amount in today's money that is required to meet obligations – a higher discount rate means a lower current requirement to meet future payments. This is why the actuaries prudently use a discount rate based on highly rated corporate bond yields, as a small change in these would have a very large impact upon the size of the liability, which taxpayers are statutorily bound to pay.

The principal assumptions used by the actuaries have been:

WCC Pension Scheme	LPFA Pension Scheme		WCC Pension Scheme	LPFA Pension Scheme
31 March 2022	31 March 2022		31 March 2023	31 March 2023
		Mortality assumptions:		
		Longevity at 65 for current Pensioners (years):		
21.4	20.9	Men	22.0	20.0
24.1	24.3	Women	24.5	23.6
		Longevity at 65 for future Pensioners (years):		
22.9	22.6	Men	22.0	20.0
26.1	25.7	Women	24.5	23.6
3.9%	4.0%	Rate of Inflation (RPI)	3.3%	3.4%
3.3%	3.5%	Rate of Inflation (CPI)	3.0%	2.9%
4.2%	2.6%	Rate of Increase in salaries	4.0%	3.9%
3.2%	3.5%	Rate of increase in pensions	3.0%	2.9%
2.7%	4.5%	Rate for discounting scheme liabilities	4.8%	4.8%

Note 31b (iv) – Defined Benefit Pension Schemes (continued)

Sensitivity Analysis

The table below shows the estimated impact of changes in assumptions for the WCC Defined Benefit Pension Scheme

	WCC Pension Scheme	WCC Pension Scheme
Change in assumptions at 31 March 2023	Approx % increase to Defined Benefit Obligation	Approx monetary amount
		£'000
0.1% decrease in Real Discount Rate	2.0%	22,193
1 year increase in member life expectancy	4.0%	53,556
0.1% increase in the Salary increase rate	0.0%	1,715
0.1% increase in the Pension interest rate	2.0%	20,801

Note 31b (v) – Defined Benefit Pension Schemes (continued)

IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council achieved a funding level of 100% by 31 March 2022. The next triennial valuation will be completed during 2025/26.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. 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 Council anticipates paying £22,745m (main scheme) employer contributions in 2023/24 but is no longer paying towards the LPFA scheme as the last active member has now left. The weighted average duration of the defined benefit obligation for the WCC scheme members is 17 years, 2022/23 (20 years 2021/22). The weighted average duration of the defined benefit obligation for the LPFA scheme members is 9 years, 2022/23 (12 years 2021/22).

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk: The Fund holds investment in asset classes such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk: All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: In the event that the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in both the City of Westminster Pension Fund and the LPFA Pension Fund, there is an orphan liability risk, where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.



4.4.

Notes Supporting the Cashflow Statement

Note 32 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2021/22		2022/23
£'000		£'000
(5,652)	Interest received	(21,629)
8,567	Interest paid	10,970
Adjust net surplus or deficit on the provision of services for non-cash movements		
(72,346)	Depreciation and Amortisation	(74,980)
(11,778)	Impairment and downward valuations	(32,906)
(73,416)	Increase/(decrease) in creditors	41,483
63,130	Increase/(decrease) in debtors	(53,630)
8	Increase/(decrease) in inventories	(7)
23,474	Movement in pension liability	(56,324)
(22,830)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(28,357)
(6,863)	Movement in investment property Valuations	26,954
(20,359)	Other non-cash items charged to the net surplus or deficit on the provision of services	(7,324)
(120,980)	Sub-total of non-cash movements	(185,091)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
112,005	Capital Grants credited to surplus or deficit on the provision of services	138,204
45,544	Proceeds from the sale of property plant and equipment, investment property and intangible assets	50,445
157,549	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	188,649
36,569	Total	3,558

Note 33 Cash Flows from Investing Activities

2021/22		2022/23
£'000		£'000
287,412	Purchase of property, plant and equipment, investment property and intangible assets	319,325
3,680,256	Purchase of short and long-term investments	3,237,595
-	Other payments for investing activities	11,378
(45,540)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(57,484)
(3,550,050)	Proceeds from short and long-term investments	(2,971,100)
(110,389)	Capital Grants Received	(176,626)
261,689	Total Cash Outflows from Investing Activities	363,088

Note 34 Cash Flows from Financing Activities

2021/22		2022/23
£'000		£'000
(97,452)	Cash receipts of short- and long-term borrowing	(162,500)
142	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	288
5,400	Repayments of short- and long-term borrowing	60,580
(160,752)	Net Council Tax & NNDR due from Preceptors*	(298,917)
(252,662)	Net Cash Inflows from Financing Activities	(400,549)

*See notes 27 and 28 for further detail



4.5.

Other Notes

Note 35 Related Party Transactions

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from members and senior officers. The Council is required to disclose material transactions with related parties - bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

CENTRAL GOVERNMENT

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from Government departments are set out in the analysis in Note 13.

MEMBERS

The following Members held positions of control or significant influence in related parties to the Council during 2022/23:

Councillor Conccia Albert is Head of Social Prescribing of One Westminster – The charity has various contracts with the Council aimed at delivering voluntary sector and volunteering support. The Council spent £611,615 with One Westminster in 2022/23.

Councillor Jacqui Wilkinson is a trustee of the Abbey Centre. The Charity receives funds from the council to provide support to the communities of south Westminster to improve their quality of life. The council spent £297,461 with the Abbey Centre in 2022/23.

Further details are recorded in the Register of Member's Declarations of Interest, which can be found on the Council's website.

Note 35 Related Party Transactions (continued)

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE COUNCIL

The Council has a number of subsidiaries over which it has control and an associate company over which it exerts significant influence. The Council's subsidiary companies and related transactions are summarised below:

31 March 2022							
Name	Investment	Debtor	Amounts owed by Subsidiary	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes	85	7,283	7,368	3,939	(1,856)	10,356	6
WestCo Trading Ltd	-	-	-	1,242	(957)	310	31
Paddington Recreation Ground Trust	-	-	-	911	(438)	-	-
Westminster Housing Investment Ltd	5,219	50,715	55,934	-	(412)	130	19

31 March 2023							
Name	Investment	Debtor	Amounts owed by Subsidiary	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes*	86	6,329	6,415	4,473	(1,533)	17,831	1,235
WestCo Trading Ltd	-	-	-	607	(359)	59	167
Paddington Recreation Ground Trust	-	-	-	668	(457)	-	-
Westminster Housing Investment Ltd**	4,952	33,615	38,567	431	(514)	187	286

* Loans to Westminster Community Homes are included in the Council's balance sheet within long term debtors and long term investments, £6.329m and £0.086m respectively.

** Loans to Westminster Housing Investment Ltd are included in the Council's balance sheet within long term debtors and long term investments, £33.618m and £4.949m respectively.

The following officers and members hold positions on boards of entities controlled or significantly influenced by the Council:

Westminster Community Homes – Thomas Harding, James Green, Olivia Harris.

Westco trading Limited – Ian Farrow, Lyndsey Gamble, Cllr Max Sullivan

Westminster Housing Investment Ltd - James Green, Neil Fredrick Wightman, Jake Bacchus

Westminster Housing Development Ltd - James Green, Neil Fredrick Wightman, Jake Bacchus

Note 36 Contingent Liabilities

No liability is recognised in the Balance Sheet where the council has a possible obligation that will only be confirmed by a possible future event not wholly within the council's control. Such a situation is disclosed as a contingent liability.

There are no contingent liabilities at the reporting date.

Note 37 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 are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

i) In connection with the sale of the Dolphin Square residential complex, a company called Dolphin Square 2005 Ltd was set up to manage tenants' rights. The Company was part funded by a proportion of the Council's proceeds and a legal charge is held over this fund in favour of the Council. Any unexpended amount will be returned, inclusive of interest, to the Council on the event of the winding up of the Company or when the relevant number of tenants with protected rights falls below twenty.

ii) Following the decision of the Supreme Court to allow in part the City Council's appeal in relation to the recovery of costs through licence fees, the European Court of Justice has now issued a ruling on matters referred to it by the Supreme Court. The City Council is now seeking an Order from the Administrative Court for the return of the sum of approximately £1.4m paid to the claimants. It is considered that there is a good prospect that the Court will agree to do so.

Note 38 Fair Value

38A FAIR VALUE – BASIS OF VALUATION

The basis of valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Assets and liabilities held at amortised cost	Level 2	Fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.	<p>For PWLB loans payable, PWLB new loan rate</p> <p>For non-PWLB loans payable, prevailing market rates</p> <p>For loans receivable, prevailing market rates</p> <p>No early repayment is recognised</p> <p>Where instruments have a maturity of less than 12 months or are trade or other receivable, fair value is taken to be the carrying amount or billed amount</p>	Not required.
Freehold and Leasehold investment properties	Level 2	Valued at Fair Value at the year-end using the investment method of valuation by Sanderson Weatherall. The valuations have been prepared in accordance with the RICS Valuation – Global Standards (January 2022) published by The Royal Institution of Chartered Surveyors (RICS) (“The Red Book”) and VPS 4 and UKVS 1, 2 and 4. This report also takes account of the requirements of the CIPFA Code of Practice on Local Authority Accounting.	<p>Assumed void periods</p> <p>Estimated Rental Value (ERV)</p> <p>Capitalisation Rate (Equivalent Yield)</p>	<p>All variables listed are observable inputs and susceptible to market change.</p> <p>The portfolio experiences high occupancy levels with most assets capable of generating good levels of tenant demand in the current market. Consequently, the total Fair Value reported for the portfolio has a low level of sensitivity to significant changes in the assumed void period input.</p> <p>In contrast, the total Fair Value of the portfolio has a much higher level of sensitivity to significant change to both the ERV and Equivalent Yield inputs. We have prepared sensitivity analysis based on significant changes made to these two inputs, which is summarised as follows: Equivalent Yield change of +/- 100 bps results in a variance in the total Fair Value for the portfolio from -10.18% to +15.98%. ERV change of +/- 10% results in a variance in the total Fair Value for the portfolio from -6.32% to +7.01%.</p>
Investment in closed pooled property fund	Level 3	The valuation is based on the fair value of the council's share of the net asset value of the fund based on the December 2021 unit price. The funds valuation is provided quarterly by the asset manager and monitored by the Council	<p>NAV based on the latest available quarterly unaudited accounts.</p> <p>External fund manager prepared statements</p> <p>Fund managers own data open to interpretation which might result in a higher or lower NAV than reported</p>	All variables listed are inputs and susceptible to market change. The portfolio sensitivity to the inputs has been assessed by the property funds investment manager and measured at +0.57%/-0.5%

Note 38 Fair Value (continued)

NOTE 38B VALUATION OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Financial and non-financial assets and liabilities measured at Fair Value are classified in accordance with three levels as shown below:

- **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.

Note 38 Fair Value (continued)

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

31 March 2022			31 March 2023		
Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
£'000	£'000	£'000	£'000	£'000	£'000
Financial and Non-Financial Assets					
-	-	27,737	-	-	28,723
64,998	617,721	-	209,047	826,328	-
-	462,801	-	-	525,064	-
19,086	-	-	2,609	-	-
84,084	1,080,522	27,737	211,656	1,351,392	28,723
Liabilities at Amortised Cost*					
-	(148,376)	-	-	(123,800)	-
-	(93,361)	-	-	(65,861)	-
-	(40,181)	-	-	(121,406)	-
-	(58,584)	-	-	-	-
-	(94,126)	-	-	(96,728)	-
-	(25,595)	-	-	(16,798)	-
-	(460,223)	-	-	(424,593)	-

*Loans and service concession liabilities are disclosed at fair value in this Note in accordance with the Code but are carried at amortised cost in the Council's balance sheet.

Note 38 Fair Value (continued)

NOTE 38C TRANSFERS BETWEEN LEVELS 1 AND 2

There were no transfers of assets between levels 1 and 2 during the year.

NOTE 38D RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

2021/22	1 April 2021	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	26,384	-	-	-	-	1,353	-	27,737

2022/23	31 March 2022	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	27,737	-	-	-	-	986	-	28,723

Note 39 Events After the Reporting Period

The Executive Director authorised the Statement of Accounts on 16th June 2023. 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 as of 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

iii) There is one event that took place after the reporting period that merits disclosure. i.e:

The council has resolved a dispute with a developer regarding a capital receipt of circa £2m in relation to the development at Cleveland Street. The money had been due at 31st March 2023 but not received. Receipt is now expected in 2023-24.

Note 40 Assets Held for Sale

Assets classified as Held for Sale are items of Property, Plant and Equipment that are expected to sell within 12 months. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

	2021/22	2022/23
	£'000	£'000
Balance Outstanding at start of the year	2,202	19,086
Assets newly classified as held for sale:		
Property, plant and equipment	36,558	1,486
Assets Sold	(17,179)	(18,003)
Other Movements*	(2,495)	40
Total Cash Outflows from Investing Activities	19,086	2,609

*The carrying value of one asset was written down after reclassification to AHFS to reflect it at fair value less costs to sell.



5.

Group Accounts, and Explanatory Notes

Group Accounts and Explanatory Notes

INTRODUCTION

The purpose of the Group Accounts is to provide a picture of Westminster City Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities, provide transparency and enable comparison with other entities.

The Group Accounts include the following:

- **Group Comprehensive Income and Expenditure Statement** - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- **Group Movement in Reserves** - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.
- **Group Balance Sheet** - reports the Council Group financial position at the year-end.
- **Group Cash Flow Statement** - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- **Notes to the Group Accounts** where the balances are materially different to those in the single entity accounts.

RESULTS OF SUBSIDIARIES

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

Westminster Community Homes Ltd

The company is a housing development vehicle for the Council and is structured as an Industrial and Provident Society. The Council holds one of the three shares in the company. The Council has dominant control of the company by virtue of guaranteed majority voting rights on the Board. Three officers of the Council are members of the Board.

For 2022/23, the company's results showed a profit of £0.075m (£0.394m profit in 2021/22), and net assets of £10.490m (£10.415m at 31 March 2022). Loans outstanding from the Council to the company total £6.328m (£7.283m at 31 March 2022).

A full copy of the company's accounts can be obtained from the Directors, Westminster Community Homes Ltd, 64 Victoria Street, London SW1E 6QP. The accounts are audited by Jones Avens Ltd.

Westminster Housing Investments Ltd

Westminster Housing Investments Ltd (which also trades as Westminster Builds) provides cost effective housing in Westminster and the rest of London. The company made a profit of £0.088m (£0.213m loss in 2021/22), the group has net assets of £2.778m (£0.309m net liabilities in 2021/22). Loans outstanding from the Council to the company total £33.618m (£50.715m at 31 March 2022).

The company also holds a 50% share in Luton Street Development LLP, which has undertaken the

construction of 109 apartments for sale within the city. This company made a £10.631, profit (£0.798m loss in 2021/22) and holds net assets of £17.359m (£6.728m net assets in 2021/22). The Council's 50% share of these amounts have been consolidated.

Other entities within the Group

The other entities within the Group are:

- WestCo Trading Ltd, which provides communications support and business transformation programmes mainly to public sector clients. The company is a private limited company with share capital of £0.080m and is wholly owned by the Council. The company had a net loss of £0.341m in 2022/23 (£0.079m in 2021/22) and had net assets of £0.187m (£0.529m at 31 March 2022).
- Paddington Recreation Ground charity was set up under the Paddington Recreation Ground Act 1893 to manage the land and facilities at Paddington Recreation Ground in perpetuity. The Council is sole trustee of the charity, which aims to break even year-on-year, entirely supported by funding from the Council. The charity generated a loss of £0.211m in 2022/23 (surplus of £0.444m in 2021/22).

These two entities have not consolidated into the Group Accounts on the grounds of materiality.

Group Accounts and Explanatory Notes (continued)

Going Concern

For the reasons set out below, the Council is satisfied that the consolidated entities are going concerns and the Group financial statements for 2022/23 have been prepared on this basis accordingly.

- Two housing companies, Westminster Community Homes Limited and Westminster Housing Investments Limited, depend upon the Council for ongoing financial support. The Council is committed to providing this support in the short to medium term as both companies assist with the provision of affordable housing, temporary accommodation and shared ownership housing in Westminster. Provision of expected loan drawdowns and other financial support has been incorporated into the Council's cash flow forecasts and medium-term financial plans.
- Both consolidated entities (Westminster Housing Investments Limited (WHIL) and Westminster Housing Development Limited) report a combined net worth of £21.948m at 31 March 2023.
- WHIL's long term creditors of £38m relate to acquisition loans with matching property assets held by the company and development loans from the Council which have been used to support the Luton St Joint Venture (for which WHIL is a 50% partner) and there is a matching debtor on the company's balance sheet. The company has relatively few third party creditors and its short-term liquidity position at 31 March 2023 is supported through access to a £2m working capital facility that has been made available by the Council, of which £0.829m had been drawn down at 31 March 2023 (£0.750m at 31 March 2022). As such WHIL is not expected, at any point, to show a negative cash position or to be unable to meet its loan obligations in full as they fall due.

Group Account Statements

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The statement shows the economic cost in year of providing services in accordance with generally accepted accounting practices/IFRS, rather than the amount to be funded from taxation. Councils' raise taxation to cover expenditure in accordance with regulations: this may be different from the accounting cost. The taxation position, general fund, is shown in the Movement in Reserves statement.

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
106,805	(33,413)	73,392	Finance & Resources	126,870	(36,811)	90,059
21,294	(9,899)	11,395	Innovation and Change	21,659	(9,328)	12,331
149,280	(88,560)	60,720	Adults' Services	151,359	(88,542)	62,817
188,942	(130,082)	58,860	Children's Services	189,823	(136,261)	53,562
187,806	(138,455)	49,351	Environment and City Management	195,020	(148,556)	46,464
413,753	(365,904)	47,849	Growth, Planning & Housing	432,806	(379,570)	53,236
1,067,880	(766,313)	301,567	Cost of Services – Continuing Operations	1,117,537	(799,068)	318,469

Group Comprehensive Income and Expenditure Statement (continued)

2021/22			2022/23		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
		(14,151)			(19,696)
		(3,755)			(58,085)
		(308,470)			(362,989)
		27			-
		(24,782)			(122,301)
		-			-
		(1,572)			(7,769)
		(26,354)			(130,070)
		(70,915)			109,751
		(120,914)			(532,437)
		(191,829)			(422,686)
		(218,183)			(552,756)

GROUP MOVEMENT IN RESERVES STATEMENT

2021/22	Revenue Reserves			Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of group entities	Total Group Reserves			
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Ear-marked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied			Usable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2021	(59,432)	(768,126)	(2,947)	(830,505)	(19,382)	-	(19,382)	(97,953)	(293,838)	(1,241,678)	(1,366,952)	(2,608,630)	(58,710)	(2,667,340)
Movement in reserves during 2021/22														
(Surplus) or deficit on provision of services (accounting basis)	(22,146)	-	-	(22,146)	(9,915)	-	(9,915)	-	-	(32,061)	-	(32,061)	5,707	(26,354)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(186,828)	(186,828)	(5,001)	(191,829)
Total Comprehensive Income and Expenditure	(22,146)	-	-	(22,146)	(9,915)	-	(9,915)	-	-	(32,061)	(186,828)	(218,889)	706	(218,183)
Adjustments between group accounts and authority accounts	1,869	-	-	1,869	-	-	-	-	-	1,869	-	1,869	(1,869)	-
Net increase before transfers	(20,277)	-	-	(20,277)	(9,915)	-	(9,915)	-	-	(30,192)	(186,828)	(217,020)	(1,163)	(218,183)
Adjustments between accounting basis & funding basis under regulations	224,447	-	-	224,447	9,915	-	9,915	17,336	19,806	271,504	(271,504)	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	204,170	-	-	204,170	-	-	-	17,336	19,806	241,312	(458,332)	(217,020)	(1,163)	(218,183)
Transfers to / (from) Earmarked Reserves	(202,127)	203,022	(895)	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease in Year	2,043	203,022	(895)	204,170	-	-	-	17,336	19,806	241,312	(458,332)	(217,020)	(1,163)	(218,183)
Balance at 31 March 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,825,284)	(2,425,650)	(59,873)	(2,885,523)

Group Movement in Reserves Statement (continued)

2022/23	Revenue Reserves							Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of group entities	Total Group Reserves
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,825,284)	(2,825,650)	(59,873)	(2,885,523)
Movement in reserves during 2022/23														
(Surplus) or deficit on provision of services (accounting basis)	(32,411)	-	-	(32,411)	(84,774)	-	(84,774)	-	-	(117,185)	-	(117,185)	(12,885)	(130,070)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(432,316)	(432,316)	9,630	(422,686)
Total Comprehensive Income and Expenditure	(32,411)	-	-	(32,411)	(84,774)	-	(84,774)	-	-	(117,185)	(432,316)	(549,501)	(3,255)	(552,756)
Adjustments between group accounts and authority accounts	2,497	-	-	2,497	-	-	-	-	-	2,497	-	2,497	(2,497)	-
Net increase before transfers	(29,914)	-	-	(29,914)	(84,774)	-	(84,774)	-	-	(114,688)	(432,316)	(547,004)	(5,752)	(552,756)
Adjustments between accounting basis & funding basis under regulations	263,139	-	-	263,139	76,369	-	76,369	3,078	13,658	356,244	(356,244)	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	233,225	-	-	233,225	(8,405)	-	(8,405)	3,078	13,658	241,556	(788,560)	(547,004)	(5,752)	(552,756)
Transfers to / (from) Earmarked Reserves	(236,194)	236,478	(284)	-	8,210	(8,210)	-	-	-	-	-	-	-	-
Increase / Decrease in Year	(2,969)	236,478	(284)	233,225	(195)	(8,210)	(8,405)	3,078	13,658	241,556	(788,560)	(547,004)	(5,752)	(552,756)
Balance at 31 March 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,613,844)	(3,372,654)	(65,625)	(3,438,279)

GROUP BALANCE SHEET

31 March 2022		31 March 2023	
£'000			£'000
ASSETS			
Non-current			
3,135,000	Property, plant and equipment		3,200,304
44,578	Heritage Assets		44,578
462,801	Investment property		525,064
4,997	Intangible Assets		7,374
27,935	Long-term investments		29,062
110,263	Long-term debtors		53,315
909	Council's share of Joint Venture		8,680
3,786,483	Total long term assets		3,868,377
Current			
383,515	Short-term investments		656,654
465	Inventories		131
385,485	Short-term debtors		172,246
70,885	Cash and other cash equivalents		227,135
14,401	Assets held for sale		-
854,751	Total Current Assets		1,056,166

Group Balance Sheet (continued)

31 March 2022		31 March 2023
£'000		
LIABILITIES		
(62,229)	Short-term borrowing	(12,726)
(582,987)	Short-term creditors	(690,451)
(40,283)	Short-term provisions	(116,252)
(53,691)	Short-term RIA	(19,087)
(739,190)	Current Liabilities	(838,516)
(1,269)	Long-term creditors	(6,051)
(91,424)	Provisions	(23,810)
(237,620)	Long-term borrowing	(389,398)
(577,597)	Other long-term liabilities - Pensions	(101,172)
(108,611)	Capital Grants - Receipts in Advance	(127,317)
(1,016,521)	Long-term liabilities	(647,748)
2,885,523	Net assets	3,438,279
(1,000,366)	Total Usable Reserves	(758,810)
(1,825,284)	Total Unusable Reserves	(2,613,844)
(59,873)	Share of Subsidiary & Joint Venture Usable Reserves	(65,625)
(2,885,523)	Total Reserves	(3,438,279)

GROUP CASH FLOW STATEMENT

2021/22	Group Cash Flow Statement	2022/23
£'000		£'000
	<i>Cash flows from operating activities</i>	
(26,354)	Operating (surplus)/loss for the financial year	(130,072)
(6,411)	Interest received	(22,321)
9,778	Interest paid	11,971
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(72,346)	Depreciation	(74,980)
(11,466)	Impairment and downward valuations	(42,536)
(68,929)	Increase/(decrease) in creditors	34,177
43,101	(Increase)/decrease in debtors	(49,043)
8	(Increase)/decrease in inventories	320
23,474	Movement in pension liability	(56,324)
(22,830)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(28,357)
(29,441)	Other non-cash items charged to the net surplus or deficit on the provision of services	27,401
(138,429)	Sub-total of non-cash movements	(189,342)
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
45,544	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	50,445
112,005	Any other items for which the cash effects are investing or financing cash flows	138,204
157,549	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	188,649
(7,234)	Net Cash Flows from Operating Activities	(130,765)

GROUP CASH FLOW STATEMENT (Continued)

2021/22	Group Cash Flow Statement	2022/23
£'000		£'000
	<i>Investing activities</i>	
298,619	Purchase of property, plant and equipment, investment property and intangible assets	324,452
3,689,989	Purchase of short-term and long-term investments	3,237,595
-	Other payments for investing activities	8,200
(48,049)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(58,557)
(3,550,050)	Proceeds from short-term and long-term investments	(2,971,100)
(113,087)	Other receipts from investing activities	(176,626)
277,422	Net cash flows from investing activities	363,964
(97,452)	Cash receipts of short- and long-term borrowing	(162,500)
142	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	288
6,339	Repayments of short- and long-term borrowing	71,682
(161,736)	Other payments for financing activities	(298,919)
(252,707)	Net cash flows from financing activities	(389,449)
17,481	Net (increase) or decrease in cash and cash equivalents	(156,250)
88,366	Cash and cash equivalents at the beginning of the reporting period	70,885
70,885	Cash and cash equivalents at the end of the reporting period	227,135

Note 1 Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Westminster Community Homes Ltd Westminster Housing Investments Limited have been consolidated because together they are material to the Council's balance sheet. Both subsidiary companies have been consolidated into the Group Accounts on a line-by-line basis.
- Luton Street Development LLP has been consolidated using the equity method as it is a joint venture between the Council and BY Developments Limited. This means 50% of its net assets and comprehensive income statement position have been consolidated as per the Council's interest in the company.
- Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Both Westminster Community Homes Ltd and Westminster Housing Investments Limited hold property assets which are used to provide housing. In line with the Council's accounting policies, these assets are revalued to an existing use value. As these properties do not fall within the Council's HRA, they do not fall within the definition of Council Dwellings. Therefore, these properties are classified as Dwelling assets. For more information please see note 2 – Group PPE.

Grants held by Westminster Community Homes Ltd are held on an amortised basis, as prescribed in the Statement of Recommended Practice for Registered Social Housing Providers (the Housing SORP). Upon consolidation into the Council's Group accounts the grants are recognised as income once conditions are met, in order to comply with the CIPFA Code of Practice.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

Note 2 Group Property Plant and Equipment

Property, plant and equipment within the Group is measured at current value and revalued at least every five years, by the Council's valuers Sanderson Weatherall.

Details of when the Council's property plant and equipment were revalued are shown in Note 18b to the single entity accounts.

Dwellings held by Westminster Community Homes Ltd have been re-valued to Existing Use Value on consolidation into the Council's Group Accounts to align with the Council's accounting policies. Valuation according to Depreciated Replacement Cost was not considered appropriate as it is inconsistent with the valuation of the council's own dwellings and there is an established market at which Existing Use prices can be readily estimated. As these assets do not form part of the Housing Revenue Account (HRA) they have not been classed as Council Dwellings, although they do provide housing to residents. Therefore, these assets have been classed as Dwellings within the below note.

	31st March 2022	31st March 2023
	£'000	£'000
Infrastructure Assets	328,882	348,838
Other PPE Assets	2,806,118	2,851,466
Total PPE Assets	3,135,000	3,200,304

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets 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. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil. Please refer to note 18c for further information.

Note 2 Group Property Plant and Equipment (continued)

2021/22	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2021	1,562,036	57,637	705,133	17,989	27,692	214,235	2,584,722
Additions	65,279	1,878	48,486	3,287	2,520	122,471	243,921
Revaluations increases/(decrease) recognised in the Revaluation Reserve	24,002	1,565	9,865	-	-	-	35,432
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(8,813)	-	(3,545)	-	-	-	(12,358)
Derecognition - disposals	(5,132)	(309)	(3,195)	-	-	-	(8,636)
Derecognition	-	(87)	(805)	-	-	-	(892)
Assets reclassified	-	-	-	-	-	(27,024)	(27,024)
Other movements	26,696	15,682	3,440	1,891	-	(43,017)	7,692
At 31 March 2022	1,667,068	76,366	759,379	23,167	30,212	266,665	2,822,857

Note 2 Group Property Plant and Equipment (continued)

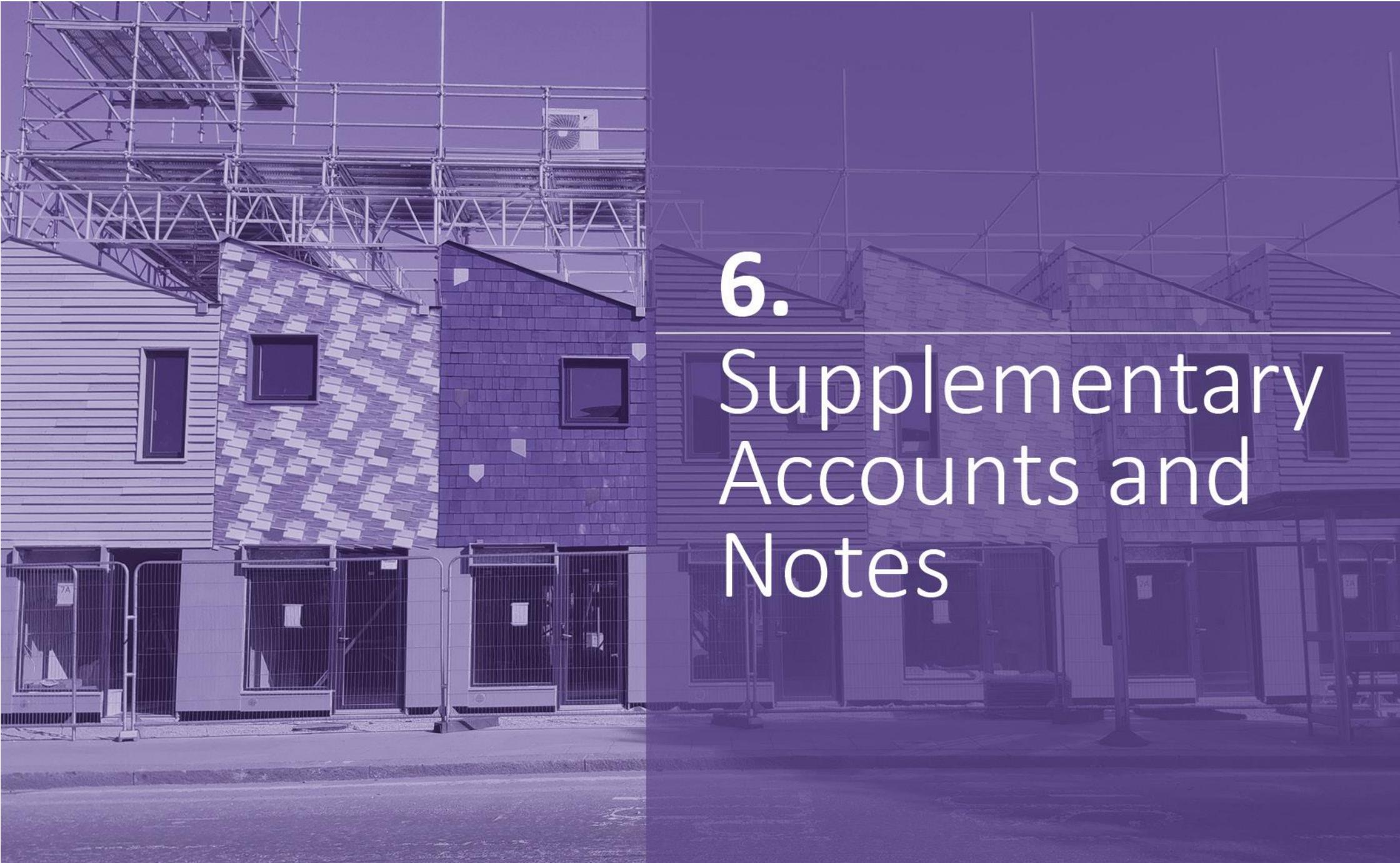
2021/22	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2021	-	-	(5,048)	(10,050)	-	-	(15,098)
Depreciation Charge	(18,093)	(1,132)	(15,635)	(3,886)	-	-	(38,746)
Depreciation written out to the Revaluation Reserve	18,093	815	13,954	-	-	-	32,862
Accumulated Impairment written out to the Revaluation Reserve	-	-	3,075	-	-	-	3,075
Derecognition - disposals	-	240	30	-	-	-	270
Derecognition - other	-	77	805	-	-	-	882
Other Movements in Depreciation and Impairments	-	-	137	(121)	-	-	16
At 31 March 2022	-	-	(2,682)	(14,057)	-	-	(16,739)
Net book value:							
At 31 March 2022	1,667,068	76,366	756,697	9,110	30,212	266,665	2,806,118
At 31 March 2021	1,562,036	57,637	700,085	7,939	27,692	214,235	2,569,624

Note 2 Group Property Plant and Equipment (continued)

2022/23	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2022	1,667,068	76,366	759,379	23,167	30,212	266,665	2,822,857
Additions	68,811	662	35,381	1,781	337	135,231	242,203
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(131,735)	(9,399)	655	-	-	-	(140,479)
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(16,688)	-	(19,684)	-	-	-	(36,372)
Derecognition - disposals	(4,443)	(1,014)	(2,101)	(973)	-	-	(8,531)
Derecognition	-	-	(4,400)	-	-	-	(4,400)
Assets reclassified	-	18,266	-	-	-	(21,828)	(3,562)
Other movements	41,162	(162)	(4,871)	(649)	-	(37,892)	(2,412)
At 31 March 2023	1,624,175	84,719	764,359	23,326	30,549	342,176	2,869,304

Note 2 Group Property Plant and Equipment (continued)

2022/23	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2022	-	-	(2,682)	(14,057)	-	-	(16,739)
Depreciation Charge	(18,811)	(213)	(16,992)	(1,279)	-	-	(37,295)
Depreciation written out to the Revaluation Reserve	18,811	-	12,148	-	-	-	30,959
Accumulated Impairment written out to the Revaluation Reserve	-	-	3,467	-	-	-	3,467
Derecognition - disposals	-	51	65	855	-	-	971
Derecognition - other	-	-	561	-	-	-	561
Other Movements in Depreciation and Impairments	-	162	70	6	-	-	238
At 31 March 2023	-	-	(3,363)	(14,475)	-	-	(17,838)
Net book value:							
At 31 March 2023	1,624,175	84,719	760,996	8,851	30,549	342,176	2,851,466
At 31 March 2022	1,667,068	76,366	756,697	9,110	30,212	266,665	2,806,118



6. Supplementary Accounts and Notes

Housing Revenue Account (HRA) Statements

HRA INCOME AND EXPENDITURE STATEMENT AND MOVEMENT ON HRA BALANCE

This account shows the cost of managing, maintaining and financing the Council's housing stock (which is ring-fenced under statute). The total cost is met via income from tenant rents, service charges and other rental income (including commercial property). The Council brought the Housing Service back in-house from 2019/20 having previously outsourced it to an Arm's Length Management Organisations (ALMO) called City West Homes. Staff were transferred to the Council under TUPE arrangements and in 2021/22 a comprehensive service redesign was undertaken to optimise staffing structures. The HRA Balance represents the accumulated surplus on the account and is held at a prudent level to manage financial risk (as set out in the HRA Business Plan). The Movement on the Housing Revenue Account Statement shows a £0.184m movement on this balance in 2022/23 based on the income and expenditure outturn for the year.

HRA Income and Expenditure Statement

2021/22		2022/23
£'000		£'000
Expenditure		
21,572	Repairs and Maintenance	24,744
52,672	Supervision and Management	57,978
1,489	Rents, Rates, Taxes and Other Charges	1,580
1,887	Increase/(decrease) in Provision for Bad or Doubtful Debts	(3,196)
31,120	Depreciation, Impairment and Revaluation losses in relation to non-current assets	36,999
152	Debt Management Cost	163
108,892	Total HRA Expenditure	118,267
HRA Income		
(75,342)	Dwellings Rents	(78,703)
(1,306)	Non-dwellings Rents	(1,304)
(19,957)	Charges for Services and Facilities	(22,942)
(7,527)	Contributions towards Expenditure	(9,416)
(104,132)	Total HRA Income	(112,365)
4,760	Net Cost of HRA services as included in the whole-authority Income and Expenditure Statement	5,902

Housing Revenue Account (HRA) Statements (continued)

HRA Income and Expenditure Statement (continued)

2021/22		2022/23
£'000		£'000
73	HRA services share of Corporate and Democratic Core	(82)
4,833	Net Cost of HRA services including HRA share of costs not allocated to specific services	5,820
(17,181)	(Gain) or loss on sale of HRA non-current assets	(24,109)
4,204	Payments to government capital receipts pool	(11)
(6,700)	Capital grants and contributions	(63,067)
4,447	Movements in the fair value of investment properties	(3,831)
8,577	Interest payable and similar charges	8,923
(8,057)	HRA Investment Property income	(8,474)
(38)	HRA Investment Income	(25)
(9,915)	(Surplus) or deficit for the year on HRA services	(84,774)

Movement on the Housing Revenue Account Statement

2021/22	2022/23
£'000	£'000
(19,382)	(19,382)
Balance on the HRA at the end of the previous reporting period	
(9,915)	(84,774)
(Surplus) or deficit for the year on the HRA Services	
Adjustments between the accounting basis and funding basis:	
25,842	22,254
Transfer to Major Repairs Reserve	
14,523	24,109
(Gain) or loss on sale of HRA non-current assets	
(4,447)	3,831
Movements in the fair value of investment properties	
77	25
Financial Instrument Adjustment	
(21,966)	16,574
Transfer (to) the Capital Adjustment Account (CAA)	
163	-
Contributions to Deferred Capital Receipts Reserve (DCRR)	
(73)	82
Transfers to Accumulated Absences Account	
(4,204)	9,494
Transfers to Capital Receipts Reserve (CRR)	
-	(8,406)
Net (increase) or decrease before transfers to or from reserves	
-	8,210
Transfers to or (from) earmarked reserves	
-	(196)
(Increase) or decrease in year on the HRA	
(19,382)	(19,577)
Balance on the HRA at the end of the current reporting period	
-	(8,210)
Earmarked Reserves	
(19,382)	(27,787)
Total HRA Reserves	

Housing Revenue Account (HRA) Explanatory Notes

HRA 1 Housing Stock

31 March 2022		31 March 2023
Nos		Nos
742	Rented Houses	785
11,153	Rented Flats	11,244
65	Shared Ownership	65
8,931	Leasehold Properties	8,902
20,891	Total Stock	20,996

HRA 2 Housing Asset Valuation

a) The vacant possession value of HRA tenanted dwellings is £6,437million.

b) The difference between the vacant possession value and the balance sheet value of dwellings within the HRA (Note 1b)) shows the economic cost to the Government of providing housing at below market rents. This cost is determined by applying the government prescribed discount rate, (25% of Market Value) to the vacant possession value.

HRA 3 Rent Arrears and Provision

31 March 2022		31 March 2023
£'000		£'000
3,430	Rent Arrears	3,486
(1,721)	Bad Debt Provision	(1,661)
1,709	Total	1,826

Collection Fund Accounts

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, 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.

2021/22					2022/23			
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
INCOME								
-	-	(113,608)	(113,608)	Council Tax	-	-	(119,357)	(119,357)
(1,696,139)	-	-	(1,696,139)	Non-domestic rates	(1,935,716)	-	-	(1,935,716)
9,737	-	-	9,737	Transitional protection payments - non-domestic rates	-	-	-	-
-	(54,510)	-	(54,510)	Income collectible in respect of Business Rate Supplements	-	(67,532)	-	(67,532)
(1,686,402)	(54,410)	(113,608)	(1,854,420)	Total amounts to be credited	(1,935,716)	(67,532)	(119,357)	(2,122,605)

Collection Fund Accounts (continued)

2021/22									2022/23
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
EXPENDITURE									
-	-	-	-	Transitional protection payments - non-domestic rates	13,547	-	-	13,547	
Precepts, demands and shares									
700,726	-	-	700,726	Central Government	629,886	-	-	629,886	
637,023	-	62,307	699,330	City of Westminster Council	572,624	-	63,502	636,126	
785,662	-	48,664	834,326	Greater London Assembly	706,236	-	53,427	759,663	
Business Rate Supplement:									
-	53,832	-	53,832	Payment to levying authority's Business Rate Supplement Revenue Account	-	44,987	-	44,987	
-	99	-	99	Administrative Costs	-	99	-	99	
Charges to Collection Fund									
13,132	479	-	13,611	Write-offs of uncollectable amounts	35,438	1,139	1,501	38,079	
21,820	-	2,900	24,720	Increase/(decrease) in allowance for impairment	(16,538)	3,038	4,436	(9,064)	
190,682	-	-	190,682	Increase/(decrease) in allowance for appeals	34,265	18,269	-	52,534	
3,258	-	-	3,258	Charge to General Fund for allowable collection costs for non-domestic rates	3,223	-	-	3,223	

Collection Fund Accounts (continued)

2021/22					2022/23			
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Apportionment of previous year's estimated Collection Fund surplus/ (deficit):								
(351,946)	-	-	(351,946)	Central Government	(303,940)	-	-	(303,940)
(333,518)	-	(194)	(333,712)	City of Westminster Council	(276,310)	-	(161)	(276,471)
(394,053)	-	(142)	(394,195)	Greater London Assembly	(340,782)	-	(118)	(340,900)
1,272,786	54,410	113,535	1,440,731	Total amounts to be debited	1,057,649	67,532	122,587	1,247,768
Movements on the Collection Fund								
(413,616)	-	(73)	(413,689)	(Surplus) /deficit arising during the year	(878,067)	-	3,230	(874,837)
1,366,510	-	618	1,367,128	(Surplus)/deficit brought forward at 1 April	952,894	-	545	953,439
952,894	-	545	953,439	(Surplus)/deficit carried forward at 31 March	74,827	-	3,775	78,602

Collection Fund Explanatory Notes

COLL 1 General

The Council, as a billing authority, is statutorily required to maintain a separate Collection Fund account as agent into which all transactions relating to collection of business rate and council tax income from taxpayers and distribution to local government bodies and central government are made. The Collection Fund account is accounted for separately from the General Fund. Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount. Business rate surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised business rate regulations.

The proportions were as follows:

2021/22			2022/23	
Council Tax	Business Rates		Council Tax	Business Rates
-	33%	Department for Levelling Up, Housing and Communities	-	33%
43.94%	37%	Greater London Authority	47.51%	37%
56.06%	30%	Westminster City Council (General Fund)	52.49%	30%
100.0%	100.0%		100%	100%

COLL 2 Council Tax

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) was approved by Full Council in January 2022, and is summarised in the table to the right:

Band	Range of property values (£)		2021/22		2022/23	
			Number of chargeable dwellings	Number of chargeable dwellings	Band D equivalent dwellings adjusted for reliefs	
	£	£				
A		40,000	1,701	1,702	940	
B	40,001	52,000	6,615	6,460	4,101	
C	52,001	68,000	15,793	15,802	11,984	
D	68,001	88,000	22,829	22,865	19,907	
E	88,001	120,000	23,663	23,920	25,611	
F	120,001	160,000	18,527	18,738	24,068	
G	160,001	320,000	23,692	23,852	35,987	
H	320,001		16,216	16,335	30,980	
			129,036	129,674	153,578	
					Adjustment for Council Tax Reduction Scheme (13,368)	
Total					140,210	
Collection Rate (97%)					134,601	
					Ministry of Defence Adjustment 455	
Final Council Tax Base					135,056	

COLL 3 Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by central government. There are two multipliers:

Standard Multiplier	51.2p / £ Rateable Value (51.2p in 2021/22)
Small Business Multiplier	49.9p / £ Rateable Value (49.9p in 2021/22)

The total income to be received in the year was estimated and notified to related bodies in the immediately preceding January in accordance with Regulations. Those estimates were as follows:

The total rateable value for business premises as at the end of March 2023 was £4.842bn (£4.927bn for the prior year).

A system of Tariff and Top-Up payments operates on the localised shares distributed to local government bodies (Westminster and the GLA). A significant proportion of Westminster's retained share (£572.6m) in 2022/23 is subsequently top-sliced and returned to Business Rates Pool for redistribution across local government.

Uncertainty: The Council experienced very high levels of appeals against the 2010 revaluation of business hereditaments when average rateable values rose by 62% across the City. Most of the appeals have been resolved with a residual number outstanding with the Valuation Office Agency. In addition, the 2017 revaluation saw average rateable values rise by 17%. At the same time a new check, challenge, appeal process was introduced. The Collection Fund currently holds £437m appeals provision to counter the potential impact of successful appeals in future years.

2021/22	2022/23
£'000	£'000
700,726 Central Government	629,886
637,023 Westminster City Council	572,624
785,662 Greater London Assembly	706,236
2,123,411 Total	1,908,746

COLL 4 Business Rates Supplements – Crossrail

Business Rates Supplement (BRS) is levied by the Greater London Authority on non-domestic properties with a rateable value of £70,000 or more and is subject to certain allowances and exemptions.

The aggregate rateable value of properties liable for BRS at 31st March 2023 was £4.297bn (the equivalent figure at 31st March 2022 being £4.379bn). The multiplier has remained at 2.0p / £ since the BRS was introduced.

7.

Pension Fund Accounts



Pension Fund Accounts

FUND ACCOUNT

2021/22		Notes	2022/23
£'000			£'000
Dealings with members, employers and others directly involved in the fund			
Contributions			
(108,054)	From Employers	Note 6	(31,645)
(11,775)	From Members	Note 6	(13,060)
(5,108)	Individual Transfers in from Other Pension Funds		(7,321)
(124,937)			(52,026)
Benefits			
49,617	Pensions	Note 7	51,752
6,539	Commutation, Lump Sum Retirement and Death Benefits	Note 7	8,019
458	Payments in respect of tax		289
Payments to and on Account of Leavers			
5,785	Individual Transfers Out to Other Pension Funds		9,505
102	Refunds to Members Leaving Service		156
62,501			69,721

Fund Account (continued)

2021/22		Notes	2022/23
£'000			£'000
(62,436)	Net (Additions)/Withdrawals from Dealings with Members		17,695
13,309	Management Expenses	Note 8	13,064
(49,127)	Net (additions)/withdrawals including management expenses		30,759
	Returns on Investments		
(7,845)	Investment Income	Note 9	(19,074)
(3)	Other Income	-	(381)
(7,848)			(19,455)
(67,446)	(Profit) and loss on disposal of investments and changes in the market value of investments	Note 11	70,478
(75,294)	Net return on investments		51,023
(124,421)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		81,782
(1,751,715)	Opening Net Assets of the Scheme		(1,876,136)
(1,876,136)	Closing Net Assets of the Scheme		(1,794,354)

Fund Account (continued)

NET ASSETS STATEMENT FOR THE YEAR ENDED 31 MARCH 2023*

2021/22		Notes	2022/23
£'000			£'000
	Investment assets		
150	Equities	11	150
1,842,280	Pooled Investment Vehicles	11	1,770,354
	Other Investment Balances:		
116	Income Due	11	53
15,816	Cash Deposits	11	19,465
1,858,362	Total Investment Assets		1,790,022
-	Investment Liabilities		-
1,858,362	Net Value of Investment Assets	10	1,790,022
19,094	Current Assets	18	5,211
(1,320)	Current Liabilities	19	(879)
1,876,136	Net Assets of the Fund Available to Fund Benefits at the Period End		1,794,354

* The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 17.

Note 1 Description of the City of Westminster Pension Fund

a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the Westminster City Council. It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the Westminster City Council and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

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

b) Funding

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers also pay contributions into the Fund based on triennial funding valuations. The 31 March 2019 valuation covers the three financial years to 31 March 2023.

Currently employer contribution rates range from 12.0% to 37.0% of pensionable pay, as per the 2019 valuation.

Note 1 Description of the City of Westminster Pension Fund (continued)

c) Benefits

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

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

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

There are a range of other benefits provided under the scheme including early retirement, disability pensions, and death benefits.

Westminster Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the pension fund. The Fund has appointed Aegon and Utmost Life and Pensions as its AVC providers. AVCs are paid to the AVC providers by employers and specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

d) Governance

The Council has delegated management of the fund to the Pension Fund Committee (the 'Committee') who decide on the investment policy most suitable to meet the liabilities of the Fund and have the ultimate responsibility for the investment policy. The Committee is made up of four Members of the Council each of whom has voting rights.

The Committee reports to the Full Council and has full delegated authority to make investment decisions. The Committee considers views from Council Officers including the Tri-Borough Director of Pensions and Treasury, and obtains, as necessary, advice from the Fund's appointed investment advisors, fund managers and actuary.

In line with the provisions of the Public Service Pensions Act 2013 the Council has set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. Board members are independent of the Pension Fund Committee.

The Section 151 Officer is responsible for the preparation of the Pension Fund Statement of Accounts. The Audit and Performance Committee is responsible for approving the financial statements for publish.

Note 1 Description of the City of Westminster Pension Fund (continued)

e) Investment Principles

In accordance with the LGPS (Management and Investment of Funds) Regulations 2016 the Committee approved an Investment Strategy Statement on 11 March 2021 (available on the Council's website). The Statement shows the Authority's compliance with the Myners principles of investment management.

The Committee has delegated the management of the Fund's investments to external investment managers (see Note 10) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

f) Membership

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

Organisations participating in the Westminster City Council Pension Fund include:

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

The following table summarises the membership numbers of the scheme:

31 March 2022		31 March 2023	
31	Number of employers with active members		29
4,740	Active members		4,853
6,430	Pensioners receiving benefits		6,661
6,689	Deferred Pensioners		7,111
17,859			18,625

Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2022/23 and its position at year end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 17.

The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future. The Westminster City Council Pension Fund remains a statutory open scheme, with a strong covenant from the active employers and is therefore able to take a long term outlook when considering the general investment and funding implications of external events.

Note 3 Summary of Significant Accounting Policies

FUND ACCOUNT – REVENUE RECOGNITION

a) Contribution Income

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

Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

b) Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment Income

Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

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

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the net asset statement.

Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

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

FUND ACCOUNT – EXPENSE ITEMS

d) Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is an exempt approved fund under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) VSP, MSP and lifetime allowance

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

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

Note 3 Summary of Significant Accounting Policies (continued)

g) Management Expenses

Pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

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

The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.

All investment management expenses are accounted for on an accruals basis. The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.

Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

Net Assets Statement

h) Financial Assets

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

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14).

i) Derivatives

The Fund uses derivative financial instruments indirectly to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

j) Foreign Currency Transactions

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

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits with financial institutions which are repayable on demand without penalty.

l) Financial Liabilities

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

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 17).

n) Additional Voluntary Contributions

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 20).

o) Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund on the basis of actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out separately in Note 21.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3 above, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2022/23.

Note 5 Assumptions Made About the Future and Other Major Sources of Uncertainty

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

PENSION FUND LIABILITY

The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in Note 16. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

SILICON VALLEY BANK & SIGNATURE BANK

Silicon Valley Bank (SVB), a US bank, collapsed on 10 March 2023, following losses arising from the rise in interest rates and the major downturn in growth of the US technology industry. The Pension Fund had direct exposure through its Legal & General passive equity mandate. This totalled 0.03% of the equity fund's value, with the asset manager subsequently writing the position down to zero value. Following this, Signature Bank, another US bank, was shut down on 12 March 2023, following large customer withdrawals off the back of the SVB collapse. Baillie Gifford had an exposure of 0.42% to Signature Bank, again valued to zero, and the position sold. Therefore, there is no expected impact on the market values as reported at 31 March 2023

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates 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 fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £28m. A 0.1% increase in assumed earnings would increase the value of liabilities by approximately £2m and a year increase in life expectancy would increase the liability by about £68m.

Note 6 Contributions Receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions.

BY AUTHORITY

2021/22		2022/23
£'000		£'000
(111,291)	Administering Authority*	(34,505)
(4,037)	Scheduled bodies	(4,611)
(4,501)	Admitted bodies	(5,589)
(119,829)	Total	(44,705)

* This figure includes a £80m deficit recovery receipt during 2021/22, as per the administering authority's funding strategy.

BY TYPE

2021/22		2022/23
£'000		£'000
(11,775)	Employees' normal contributions	(13,060)
	Employers' contributions:	
(27,139)	Normal contributions	(30,070)
(80,030)	Deficit recovery contributions	(32)
(885)	Augmentation contributions	(1,543)
(119,829)	Total	(44,705)

Note 7 Benefits Payable

The table below shows a breakdown of the total amount of benefits payable by category.

BY TYPE

2021/22		2022/23	
£'000		£'000	
49,617	Pensions	51,752	
5,812	Commutation and lump sum retirement benefits	6,675	
727	Lump sum death benefits	1,344	
56,156	Total	59,771	

BY AUTHORITY

2021/22		2022/23	
£'000		£'000	
43,829	Administering Authority	46,243	
2,216	Scheduled Bodies	2,745	
10,111	Admitted Bodies	10,783	
56,156	Total	59,771	

Note 8 Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

2021/22		2022/23
£'000		£'000
1,617	Administration Expenses	776
410	Oversight and Governance	388
11,282	Investment Management Expenses	11,900
13,309	Total	13,064

Investment management expenses are further analysed below in line with the CIPFA Guidance on Accounting for Management Costs in the LGPS.

2021/22		2022/23
£'000		£'000
7,688	Management fees	8,458
-	Performance fees	-
48	Custody fees	54
3,546	Transaction costs	3,388
11,282	Total	11,900

Note 9 Investment Income

The table below shows a breakdown of the investment income for the year:

	2021/22	2022/23
£'000		£'000
-	Equity Dividends	(20)
7,492	Pooled investments - unit trusts and other managed funds	15,374
-	Pooled property investments	(89)
288	Infrastructure Income	3,552
65	Interest and cash deposits	257
7,845	Total before taxes	19,074

Note 10 Investment Management Arrangements

As at 31 March 2023, the investment portfolio is managed by fourteen external managers:

- The UK property portfolio is managed by Abrdn;
- Private debt is managed by CVC Credit;
- Fixed income mandates are managed by CQS and PIMCO (Multi Asset Credit, via the London CIV), Insight (Bonds) and Northern Trust (short bonds);
- Multi asset is managed by Ruffer (absolute return, via the London CIV);
- Affordable Housing is managed by Man Group
- Alternatives are managed by Pantheon (Infrastructure), Macquarie (Renewable Infrastructure) and Quinbrook (Renewable Infrastructure);
- Equity portfolios are split between Baillie Gifford (active global, managed by the London CIV), Morgan Stanley (active global, managed by the London CIV) and Legal and General Investment Management (passive global).

All managers have discretion to buy and sell investments within the constraints set by the Committee and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares.

Northern Trust acts as the Fund's global custodian. It is responsible for safe custody and settlement of all

investment transactions and collection of income. The bank account for the Fund is held with Lloyds Bank.

The market value and proportion of investments managed by each fund manager at 31 March 2023 was as follows:

31 March 2022 Value	Market %	Fund Manager	Mandate	31 March 2023 Market Value	%
£'000		£'000			
Investments managed by the London CIV asset pool:					
150	0.0%	London CIV	Share Capital	150	0.0%
150	0.0%	UK Equity		150	0.0%
399,046	21.4%	London LGPS CIV Ltd - Baillie Gifford	Global Equity (Active)	377,909	21.1%
374,723	20.2%	London LGPS CIV Ltd - Morgan Stanley	Global Equity (Active)	369,877	20.7%
42	0.0%	LGIM Passive	World Equity (Passive)	29	0.0%
434,720	23.4%	LGIM Future World	World Equity (Passive)	408,239	22.8%
1,208,531	65.0%	Global Equity		1,156,054	64.6%
94,055	5.1%	London LGPS CIV Ltd – CQS & PIMCO	Multi Asset Credit	86,715	4.8%
94,055	5.1%	Fixed Income		86,715	4.8%
51,617	2.8%	London LGPS CIV Ltd - Ruffer	Absolute Return	37,123	2.1%
51,617	2.8%	Multi Asset		37,123	2.1%
1,354,353	72.9%	Total pooled	Sub-Total	1,280,042	71.5%
Investments managed outside of the London CIV asset pool:					
49,724	2.7%	Northern Trust Short ESG Fund	Bonds	25,412	1.4%
228,170	12.3%	Insight Buy and Maintain Bond Fund	Bonds	154,786	8.6%
277,894	15.0%	Bonds		180,198	10.0%
89	0.0%	Hermes Core Property	Property	-	0.0%
103,750	5.6%	Abrdn Long Lease Property	Property	78,633	4.4%
103,839	5.6%	Property		78,633	4.4%

Note 10 Investment Management Arrangements (continued)

31 March 2022 Market Value	%	Fund Manager	Mandate	31 March 2023 Market Value	%
£'000				£'000	
29,514	1.6%	Man Group Community Housing Fund	Affordable Housing	37,951	2.1%
29,514	1.6%	Affordable Housing		37,951	2.1%
48,970	2.6%	Pantheon Global Infrastructure	Infrastructure	63,717	3.6%
9,781	0.5%	Macquarie GIG Renewable Energy	Infrastructure	28,370	1.6%
18,183	1.0%	Quinbrook Renewables Impact Fund	Infrastructure	56,922	3.2%
76,934	4.1%	Alternatives		149,009	8.4%
-	0.0%	CVC Credit Direct Lending Fund	Private Debt	44,700	2.5%
-	0.0%	Private Debt		44,700	2.5%
488,181	26.3%	Total outside pool	Sub-total	490,491	27.4%
15,828	0.8%	Cash deposits		19,489	1.1%
1,858,362	100%	Total investments at 31 March		1,790,022	100%

Note 11 Reconciliation in Movement in Investments

2021/22	Market value at 1 April 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,570,009	133,964	(86,200)	43,837	1,661,610
Pooled property investments	71,261	22,077	(1,269)	11,681	103,750
Infrastructure	43,036	34,013	(11,876)	11,747	76,920
Total	1,684,456	190,054	(99,345)	67,265	1,842,430
Cash deposits	62,788			146	15,816
Amounts receivable for sales of investments	-			-	-
Investment income due	109			-	116
Spot FX contracts	-			35	-
Amounts payable for purchases of investments	-			-	-
Net investment assets	1,747,353			67,446	1,858,362

Note 11 Reconciliation in Movement in Investments continued

2022/23	Market value at 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,661,610	55,808	(142,373)	(77,018)	1,498,027
Pooled property investments	103,750	111	(3,368)	(21,861)	78,632
Infrastructure	76,920	113,494	(24,809)	28,090	193,695
Total	1,842,430	169,413	(170,550)	(70,789)	1,770,504
Cash deposits	15,816			348	19,465
Amounts receivable for sales of investments	-			-	-
Investment income due	116			-	53
Spot FX contracts	-			(37)	-
Amounts payable for purchases of investments	-			-	-
Net investment assets	1,858,362			(70,478)	1,790,022

Note 12 Investments Exceeding 5% of Net Assets

The table below shows the Fund's investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

31 March 2022			31 March 2023	
Market Value	Holding		Market Value	Holding
£'000	%		£'000	%
434,720	23.4%	LGIM Future World	408,239	22.8%
374,723	20.2%	London LGPS CIV Ltd - Morgan Stanley	369,877	20.7%
399,046	21.4%	London LGPS CIV Ltd - Baillie Gifford	377,909	21.1%
228,170	12.3%	Insight Buy and Maintain Bond Fund	154,782	8.6%
94,054	5.1%	London LGPS CIV Ltd - CQS	86,706	4.8%
103,750	5.6%	Abrdn Long Lease Property	78,633	4.4%
1,634,463	88.0%	Total Top Holdings	1,476,146	82.4%
1,858,362		Total Value of Investments	1,790,022	

Note 13a Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation hierarchy 21/22	Valuation hierarchy 22/23	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity Funds UK and Overseas Managed Funds	Level 2	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
Quoted UK and Overseas Bonds	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Long Lease Property Fund	Level 2	Level 2	The Aberdeen Standard Long Lease Property Fund is priced on a Single Swinging Price.	Fund Manager In house evaluation of market data	Not required
Pooled Investments – Multi Asset Credit	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Investments – Absolute Return	Level 2	Level 2	The NAV for each share class is calculated based on the market value of the underlying assets.	Evaluated price feeds	Not required
Pooled investments - Affordable Housing	Level 3	Level 3	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment.
Pooled Investments - Infrastructure	Level 3	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines.	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated.
Pooled Investments - Private debt	N/A	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date.	Credit ratings and default history within the pool.	Valuations could be affected by changes to expected cashflows or default in the underlying loans.

Note 13a Fair Value – Basis of Valuation (continued)

SENSITIVITY OF ASSETS VALUED AT LEVEL 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2023	Value on increase	Value on decrease
		£000	£000	£000
Pantheon - Infrastructure (a)	+/-10.0%	63,705	70,075	57,334
Quinbrook - Renewable Infrastructure (b)	+24.6%/-20.6%	56,922	70,925	45,196
Macquarie - Renewable Infrastructure (c)	+/-10.0%	28,369	31,206	25,532
Man Group - Affordable Housing (d)	+9.5%/-8.8%	37,951	41,556	34,611
CVC Credit – Private Debt (e)	+/-11.2%	44,699	49,705	39,692
Total		231,646	263,467	202,365

- The inputs used by the General Partner during valuation include, but are not limited to, prices and other relevant information generated by the market transactions, type of security, size of the position, purchase price, purchases of the same or similar securities by other investors, marketability, foreign exchange rates, degree of liquidity, restrictions on the disposition, latest round of financing data, completed or pending third-party transactions in the underlying investment or comparable issuers, current financial position and operating results among other factors.
- The valuation of the fund is estimated to be within a +24.6%/- 20.6% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.
- The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.
- The valuation of the fund is estimated to be within a +9.5%/-8.8% range. These ranges relate specifically to the valuation of completed sites. They are based on stress tests reflecting potential changes in market environment, particularly changes in house prices and inflation/interest rates.
- The fund uses Lincoln spreads to value the investments. Following the banking turmoil, CVC liaised with Lincoln to confirm the continued relevance of the private credit spreads. Lincoln confirmed that they had not identified any impact on private credit spreads to date, and added that the movements in the public credit markets were less material than they would have anticipated.

Note 13a Fair Value – Basis of Valuation (continued)

As at March 2022:

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2022	Value on increase	Value on decrease
		£'000	£'000	£'000
Pantheon - Infrastructure (a)	+/-10.0%	48,970	53,867	44,073
Quinbrook - Renewable Infrastructure (b)	+6.1%/-9.1%	18,183	19,292	16,528
Macquarie - Renewable Infrastructure (c)	+/-10.0%	9,767	10,744	8,790
Man Group - Affordable Housing (d)	+10.3%/-11.3%	29,514	32,554	26,179
Total		106,434	116,457	95,570

- a. The inputs used by the General Partner during valuation include, but are not limited to, prices and other relevant information generated by the market transactions, type of security, size of the position, purchase price, purchases of the same or similar securities by other investors, marketability, foreign exchange rates, degree of liquidity, restrictions on the disposition, latest round of financing data, completed or pending third-party transactions in the underlying investment or comparable issuers, current financial position and operating results among other factors.
- b. The valuation of the fund is estimated to be within a +6.1%/- 9.1% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.
- c. The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.
- d. The valuation of the fund is estimated to be within a +10.3%/-11.3% range. These ranges relate specifically to the valuation of completed sites. They are based on stress tests reflecting potential changes in market environment, particularly changes in house prices and inflation/interest rates.

Note 13b Valuation of Financial Instruments Carried at Fair Value

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

Level 1 – where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities, quoted index linked securities and unit trusts). Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.

Level 2 – where market prices are not available, for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include infrastructure, which the Fund holds assets in, unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

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

31 March 2022			31 March 2023		
Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3
£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets					
-	1,735,846	106,584	-	1,538,709	231,795
Financial Liabilities					
-	-	-	-	-	-
-	1,735,846	106,584	-	1,538,709	231,795
1,842,430			1,770,504		

Note 13c Reconciliation of Fair Value Measurements Within Level 3

2022/23	Opening balance	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CVC Credit - Private Debt	-	-	-	46,825	(5,466)	3,340	-	44,699
Share Capital	150	-	-	-	-	-	-	150
Pantheon - Infrastructure	48,970	-	-	13,765	(9,200)	6,707	3,463	63,705
Quinbrook - Renewable Infrastructure	18,183	-	-	37,560	(10,298)	11,477	-	56,922
Macquarie - Renewable Infrastructure	9,767	-	-	15,344	(1,252)	4,510	-	28,369
Man Group - Affordable Housing	29,514	-	-	11,570	(6,475)	3,342	-	37,951
Total	106,584	-	-	125,064	(32,691)	29,376	3,463	231,795

2021/22	Opening balance	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share Capital	150	-	-	-	-	-	-	150
Pantheon - Infrastructure	29,698	-	-	17,546	(6,315)	7,807	234	48,970
Quinbrook - Renewable Infrastructure	7,333	-	-	12,517	(4,788)	3,121	-	18,183
Macquarie - Renewable Infrastructure	6,004	-	-	3,950	(773)	588	(2)	9,767
Man Group - Affordable Housing	-	-	-	31,249	(786)	(949)	-	29,514
Total	43,185	-	-	65,262	(12,662)	10,567	232	106,584

Note 14a Classification of Financial Instruments

The following table shows the classification of the Fund's financial instruments.

31 March 2022			31 March 2023		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial Assets</u>					
Pooled funds - investment vehicles					
1,661,760			Pooled Funds	1,498,178	
103,750			UK Unit Trust - Property	78,631	
76,920			Infrastructure	193,695	
	13,383		Cash Balances (held directly by Fund)		774
	116		Other Investment Balances		53
	15,816		Cash Deposits		19,465
	5,692		Debtors		4,177
1,842,430	35,007	-		1,770,504	24,469

Note 14a Classification of Financial Instruments (continued)

31 March 2022				31 March 2023		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
<u>Financial Liabilities</u>						
-	-	-	Other Investment Balances	-	-	-
-	-	(694)	Creditors	-	-	(123)
-	-	(694)	Total	-	-	(123)
1,842,430	35,007	(694)	Total	1,770,504	24,469	(123)
					1,876,743	1,794,850

Note 14b Net Gains and Losses on Financial Instruments

This table summarises the net gains and losses on financial instruments classified by type of instrument.

31 March 2022		31 March 2023
£'000		£'000
Financial Assets		
67,265	Designated at fair value through profit and loss	(70,789)
181	Financial assets at amortised cost	311
67,446		(70,478)
Financial Liabilities		
-	Financial liabilities at amortised cost	-
67,446	Total	(70,478)

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 15 Nature and Extent of Risks Arising from Financial Instruments

RISK AND RISK MANAGEMENT

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

Responsibility for the Fund's risk-management strategy rests with the Committee. Risk management policies are established that aim to identify and analyse the investment risks faced by the Fund and these are regularly reviewed in the light of changing market and other conditions.

a) Market Risk

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk across all its investment activities. In

general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset class, geographical and industry sectors and individual securities.

To mitigate market risk, the Committee and its investment advisors undertake regular monitoring of market conditions and benchmark analysis.

Price Risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital.

The maximum risk resulting from financial instruments (with the exception of derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this

price risk through diversification and the selection of securities and other financial instruments.

The Fund has determined that a 10.95% increase or decrease in market price risk is reasonable for 2022/23. This analysis excludes debtors, creditors, other investment balances and forward foreign exchange, as these financial instruments are not subject to price risk.

Assets exposed to price risk	Price Risk	Value £'000	Value on price increase £'000	Value on price decrease £'000
As at 31 March 2022	7.83%	1,858,363	2,003,873	1,712,853
As at 31 March 2023	10.95%	1,790,022	1,986,029	1,594,014

Note 15 Nature and Extent of Risks Arising from Financial Instruments (continued)

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Committee and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year.

Fixed interest securities, cash and cash equivalents are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Assets exposed to interest rate risk	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	228,170	209,510	246,830
Fixed Income - Global Multi Asset Credit	94,055	92,587	95,522
Absolute Return	51,617	52,458	51,488
As at 31 March 2022	373,842	354,555	393,840

Assets exposed to interest rate risk	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	154,786	145,086	164,486
Fixed Income - Global Multi Asset Credit	86,715	84,252	89,177
Absolute Return	37,123	36,065	39,629
As at 31 March 2023	278,624	265,403	293,292

Note 15 Nature and Extent of Risks Arising from Financial Instruments (continued)

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund aims to mitigate this risk through the use of hedging, which is applied to the LGIM equities mandate. The Committee recognises that a strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits.

Overseas equities, fixed interest securities and futures, cash in foreign currencies, forward foreign exchange contracts and some elements of the pooled investment vehicles are exposed to currency risk. The following table demonstrates the change in value of these assets had there been a 6.35% strengthening/weakening of the pound against foreign currencies during 2022/23.

Note 15 Nature and Extent of Risks Arising from Financial Instruments (continued)

Assets exposed to currency risk Currency Risk	Value	Value on foreign exchange rate increase	Value on foreign exchange rate decrease
	£'000	£'000	£'000
As at 31 March 2022 7.62%	692,844	745,639	640,049
As at 31 March 2023 6.35%	689,703	733,499	645,907

a) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies.

b) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Committee monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2023, liquid assets were £1,480m representing 83% of total fund assets (£1,648m at 31 March 2022 representing 89% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

Note 16 Funding Arrangements

The LGPS Regulations require that a full actuarial valuation of the Fund is carried out every three years. The purpose of this is to establish that the Westminster City Council Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Hymans Robertson, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The results were published in the triennial valuation report dated 29 March 2023, with the funding level rising to 128%. This report details the fund assumptions and employer contribution rates for the three years from 2023/24. The report and Funding Strategy Statement are both available on the Council's website.

The triennial valuation undertaken as at 31 March 2019 covers the three financial years to 2022/23. The actuary's smoothed market value of the scheme's assets at 31 March 2019 was £1,411m and the Actuary assessed the present value of the funded obligation at £1,431m. This indicates a net liability of £20m, which equates to a funding position of 99% (2016: £264m and 80%).

The actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions, the main ones being:

Future assumed returns at 2019	2019 Allocation %	Neutral Assumption%
Corporate Bonds	13.5	2.6
Equities	65.0	6.7
Infrastructure	5.0	6.7
Multi Asset Credit	6.5	4.8
Property	10.0	3.7

Financial assumptions	2022 %	2019 %	2016 %
Discount rate - scheduled bodies	4.8	4.8	5.1
Discount rate - admitted bodies	4.8	3.3	4.5
RPI	3.7	3.6	3.3
CPI	2.7	2.6	2.4
Pension increases	2.7	2.6	2.4
Short-term pay increases	n/a	n/a	2.4
Long-term pay increases	3.7	3.6	3.9

The contribution rate is set on the basis of the cost of future benefit accrual, increased to bring the funding level back to 100% over a period of 19 years, as set out in the Funding Strategy Statement (2016: 22 years). The common future service contribution rate for the Fund was set at 17.9% of pensionable pay (2016: 16.9%).

The triennial valuation also sets out the individual contribution rate to be paid by each employer from 1 April 2020 depending on the demographic and actuarial factors particular to each employer. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report

Note 17 Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2023. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation.

In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

31 March 2022		31 March 2023	
£'000		£'000	
(2,314,000)	Present Value of Promised Retirement Benefits	(1,707,000)	
1,858,362	Fair Value of Scheme Assets (bid value)	1,790,022	
(455,638)	Net Liability	83,022	

ASSUMPTIONS

To assess the value of the Fund's liabilities at 31 March 2023, the value of the Fund's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19.

DEMOGRAPHIC ASSUMPTIONS

The demographic assumptions used are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Assumed life expectancy from age 65 is:

Life expectancy from age 65 years		31 March 2022	31 March 2023
Retiring today	Males	21.4	22.0
	Females	24.1	24.5
Retiring in 20 years	Males	22.9	23.2
	Females	26.1	26.0

FINANCIAL ASSUMPTIONS

The main financial assumptions are:

	31 March 2022	31 March 2023
	%	%
CPI Increases	3.20	3.00
Salary increases	4.20	4.00
Pension increases	3.20	3.00
Discount rate	2.70	4.75

Note 18 Current Assets

31 March 2022		31 March 2023	
£'000		£'000	
Debtors:			
3,180	Contributions due - employers	2,196	
1,053	Contributions due - employees	966	
1,478	Sundry debtors	1,275	
13,383	Cash balances	774	
19,094	Total	5,211	

Note 19 Current Liabilities

31 March 2022		31 March 2023	
£'000		£'000	
(1,320)	Sundry creditors	(879)	
(1,320)	Total	(879)	

ANALYSIS OF DEBTORS

31 March 2022		31 March 2023	
£'000		£'000	
19	Central Government Bodies	259	
1,472	Other entities and individuals	894	
4,220	Administering Authority	3,284	
5,711	Total	4,437	

ANALYSIS OF CREDITORS

31 March 2022		31 March 2023	
£'000		£'000	
(626)	Central government bodies	(756)	
(425)	Other entities and individuals	(26)	
(269)	Administering Authority	(97)	
(1,320)	Total	(879)	

Note 20 Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Aegon and Utmost Life and Pensions. The table below shows information about these separately invested AVCs.

Market Value 31 March 2022		Market Value 31 March 2023	
£'000		£'000	
953	Aegon	731	
357	Utmost Life and Pensions	316	
1,310	Total	1,047	

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

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The Fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

Note 21 Related Party Transactions

The Fund is administered by Westminster City Council, the largest scheme employer, who has paid £21.6m in contributions over the year to 31 March 2023. The Council incurred costs of £0.528m in the period 2022/23 (2021/22: £0.587m) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Fund uses the same Banking and Control Service provider as WCC and no charge is made in respect of this.

KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Executive Director of Finance and Resources, the Tri-Borough Director of Treasury and Pensions and the Director of People Services. There were no costs apportioned to the Pension Fund in respect of the Executive Director of Finance and Resources post for 2021/22 and 2022/23. Total remuneration payable to key management personnel from the Pension Fund is set out below:

31 March 2022	31 March 2023
£'000	£'000
74 Short-term benefits	40
(37) Post-employment benefits	(87)
37 Total	(47)

Note 22 External Audit Costs

The external fee payable to the Fund's external auditors, Grant Thornton UK LLP, was £37k (£33k in 2021/22).

31 March 2022	31 March 2023
£'000	£'000
33* External audit fees	37
33 Total	37

*Audit fees for 2021/22 totalled £33k, however this was offset by a S13 grant rebate of £8k received during the year.

Note 23 Events After the Reporting Period

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

Note 24 Contractual Commitments

The Fund has committed \$91.5m (£74.1m) to the Pantheon Global Infrastructure Fund III, of this commitment \$9.7m (£7.9) was still outstanding at 31 March 2023. Alongside this, the Fund has committed £60m to the Quinbrook Renewables Impact Fund with £15.1m outstanding as at 31 March 2023. The Fund has also committed €55m (£48.4m) to the Macquarie Renewable Energy Fund, €25.2m (£22.2m) of which was outstanding at 31 March 2023. The Fund has a £50m commitment to the Man Group Affordable Housing Fund, with £13.3m outstanding as at 31 March 2023. During the year, the Fund committed £110m to the CVC Credit mandate, with £62.7m outstanding at 31 March 2023.



8.

Glossary and Contacts

Glossary of Terms

ACCOUNTING POLICIES

The rules and practices adopted by the Council that determine how transactions and events are reflected in the accounts.

ACCRUALS

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

ACTUARIAL GAINS AND LOSSES

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

AMORTISATION

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

ANNUAL GOVERNANCE STATEMENT

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

BALANCES (OR RESERVES)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves, which are set out for technical purposes. It is not possible to utilise these to provide services.

BUSINESS RATES (NNDR/NDR)

Rates are payable on business premises based on their rateable value (last assessed in the 2017 Rating List by the Valuation Office Agency) and a national rate poundage multiplier (Standard 51.2p/£; Small Business 49.9p/£ in 2022/23). Westminster acts as the “billing authority” for its area and under the current Localised Business Rates

regime retains 30% of the net yield from business rates with the Greater London Authority receiving 37% and Central Government receiving 33%. A system of Tariffs and Top-ups as well as a Safety Net scheme operate within the Council’s General Fund to further adjust the amount the Council ultimately retains.

CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement or replacement of assets such as land, buildings, roads, and computer equipment.

CAPITAL ADJUSTMENT ACCOUNT

A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

CAPITAL RECEIPTS

Income received from the sale of land, buildings or equipment.

CENTRAL SUPPORT SERVICES

Support provided to front line services by administrative and professional officers, including financial, legal, people services, IT, property and general administrative support.

CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTING)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code (see below).

COLLECTION FUND

An account that shows the income due from NNDR and Council Tax payers and the sums paid to central government and to the precepting authorities.

Glossary of Terms (continued)

COMMUNITY ASSETS

The class of Fixed Assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement which details the total income received and expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CONTINGENT ASSET

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

A contingent liability is either:

- a possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or
- a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

CORPORATE AND DEMOCRATIC CORE

This comprises all activities which local authorities engage in specifically because they are elected, multi-purpose organisations. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. It includes costs relating to the corporate management and democratic representation.

COUNCIL TAX

A local tax on properties within the City Council, set by the charging (Westminster) and precepting (GLA) authorities. The level is determined by the revenue

expenditure requirements for each authority divided by the council tax base for the year.

COUNCIL TAX BASE

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

CREDITORS

Amounts owed by the Council for goods and services received but not paid for as at 31 March.

CURRENT SERVICE COST

An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

DEBTORS

Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.

DEFERRED CAPITAL INCOME

Deferred Capital Income comprises amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under loans for purchase and improvement of property.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Glossary of Terms (continued)

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

DEPRECIATION

A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council, which need to be disclosed separately by virtue of their size or incidence to give a fair representation in the accounts.

EXPECTED RETURN ON ASSETS

For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

FINANCE LEASE

A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

FIXED ASSETS

Assets that yield benefit to the Council and the services it provides for a period of more than one year.

GENERAL FUND

The account to which the cost of providing the Council Services is charged that are paid for from Council Tax and Government Grants (excluding the Housing Revenue Account).

HOUSING REVENUE ACCOUNT (HRA)

A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

IMPAIRMENT

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

INTEREST COST

For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

INFRASTRUCTURE ASSETS

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways and footpaths.

INTANGIBLE FIXED ASSETS

'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

Glossary of Terms (continued)

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

LEVIES

Payments made to the London Pensions Fund Authority, the Environment Agency and the Lee Valley Regional Park Authority.

LONG TERM DEBTORS

These debtors represent the capital income still to be received, for example, from the sale of an asset or the granting of a mortgage or a loan.

MINIMUM REVENUE PROVISION

The minimum amount that the Council must charge to the income and expenditure statement to provide for the repayment of debt.

MOVEMENT IN RESERVES STATEMENT

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

NET REALISABLE VALUE

The amount at which an asset could be sold after the deduction of any direct selling costs.

NON-DISTRIBUTED COSTS

Non-distributed costs are defined as comprising:

- retirement benefit costs including past service costs, settlements and curtailments. To note, current service pension costs are included in the total costs of services;
- the costs associated with unused shares of IT facilities; and
- the costs of shares of other long-term unused but unrealisable assets.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

A lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the Council, who then pays the lessor an annual rental charge for the use of the asset.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority, in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

POST BALANCE SHEET EVENTS

These events, both favourable and unfavourable, occur between the Balance Sheet date (31 March) and the date on which the statement of accounts are signed.

Glossary of Terms (continued)

PRECEPTS

These are demands made upon the Collection Fund, by the Greater London Authority for monies, which it requires to finance the services it provides.

PRIOR YEAR ADJUSTMENT

A material adjustment applicable to prior years arising from changes in accounting policies or correction of fundamental errors.

PROJECTED UNIT METHOD – PENSION FUND VALUATION

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

PROVISIONS

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

PRUDENTIAL CODE

Since 1 April 2004, local authorities have been subject to a self-regulatory “prudential system” of capital controls. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing. The objectives of the code are to ensure that the local authority’s capital investment plans are affordable, prudent and sustainable, with Councils being required to set specific prudential indicators.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or

- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- the provision of services to a related party, including the provision of pension fund administration services; and
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

RESERVES

An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

REVENUE EXPENDITURE

Day to day payments on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

REVENUE SUPPORT GRANT

The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the Council Tax would be the same across the whole country.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

SERVICE CONCESSIONS

An arrangement involving the private sector constructing or upgrading assets used in the provision of a public service and operating and maintaining those assets for a specified period of time.

SOCIETY OF LOCAL AUTHORITY CHIEF EXECUTIVES (SOLACE)

Solace (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector.

SOCIETY OF LONDON TREASURERS

Representative body of section 151 Officers from all 32 London Boroughs, the City of London Corporation and the Greater London Authority Group.

THE CODE

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

UK GAAP

UK GAAP is the Generally Accepted Accounting Practice in the UK (UK GAAP) is the body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC)

Note References

Note	Description
	Notes to the Accounts
Note 1	Accounting Policies
Note 2	Accounting standards issued but not yet adopted
Note 3	Assumptions made about the future and other major sources of estimation uncertainty
Note 4	Critical judgements in applying accounting policies
Note 5	Other operating income and expenditure
Note 6	Financing and investment income and expenditure
Note 7	Taxation and non-specific grant income
Note 8	Expenditure and funding analysis
Note 9	Section 75
Note 10	Officers' remuneration (including termination benefits and members' allowances)
Note 11	External Audit Fees
Note 12	Dedicated Schools Grant
Note 13	Grant Income
Note 14	Agency Services
Note 15	Adjustments between accounting basis and funding basis under regulations
Note 16	Unusable Reserves
Note 17	Transfer to/from earmarked reserves
Note 18a	Capital Contractual Commitments
Note 18b	Revaluations
Note 18c	Property, Plant and Equipment
Note 19	Heritage Assets
Note 20	Investment Property
Note 21a	Financial Instruments - Analysed by type
Note 21b	Financial Instruments - Income and Expense Gains and Losses

Note	Description
Note 21c	Financial Instruments - Fair value of assets and liabilities
Note 22	Cash and Cash Equivalents
Note 23	Nature and Extent of Risk
Note 24	Capital Expenditure and Capital Financing
Note 25	Leases
Note 26	Service Concessions
Note 27	Debtors
Note 28	Creditors
Note 29	Provisions
Note 30	Other Long-Term Liabilities
Note 31	Pension Schemes
Note 31a	Pension Schemes Accounted for as Defined Contribution Schemes
Note 31b	Defined Benefit Pension Schemes
Note 32	Cash Flows from Operating Activities
Note 33	Cash Flows from Investing Activities
Note 34	Cash Flows from Financing Activities
Note 35	Related Party Transactions
Note 36	Contingent Liabilities
Note 37	Contingent Assets
Note 38a	Fair value – basis of valuation
Note 38b	Valuation of assets and liabilities measured at fair value
Note 38c	Transfers between Levels 1 and 2
Note 38d	Reconciliation of Fair Value Measurements within Level 3
Note 39	Events After the Reporting Period
Note 40	Assets Held for Sale

Note References (continued)

Note	Description
Group Accounts Explanatory Notes	
Note 1	Group Accounting Policies
Note 2	Group Property Plant and Equipment
Housing Revenue Account Explanatory Notes	
HRA 1	Housing Stock
HRA 2	Housing Asset Valuation Notes
HRA 3	Rent Arrears and Provision
Collection Fund Explanatory Notes	
COLL 1	General
COLL 2	Council Tax
COLL 3	Business Rates
COLL 4	Business Rates Supplements - Crossrail
Pension Fund Explanatory Notes	
Note 1	Description of the City of Westminster Pension Fund
Note 2	Basis of Preparation of Financial Statements
Note 3	Summary of Significant Accounting Policies
Note 4	Critical Judgements in applying Accounting Policies
Note 5	Assumptions made about the future and other major sources of uncertainty
Note 6	Contributions receivable
Note 7	Benefits payable

Note	Description
Note 8	Management Expenses
Note 9	Investment Income
Note 10	Investment Management Arrangements
Note 11	Reconciliation in Movement in Investment
Note 12	Investments exceeding 5% of Net Assets
Note 13a	Fair Value – Basis of Valuation
Note 13b	Valuation of Financial Instruments carried at Fair Value
Note 13c	Reconciliation of Fair Value Measurements within Level 3
Note 14a	Classification of Financial Instruments
Note 14b	Net Gains and Losses on Financial Instruments
Note 15	Nature and extent of risks arising from Financial Instruments
Note 16	Funding Arrangements
Note 17	Actuarial Present Value of Promised Retirement Benefits
Note 18	Current Assets
Note 19	Current Liabilities
Note 20	Additional Voluntary Contributions
Note 21	Related Party Transactions
Note 22	External Audit Costs
Note 23	Events after the reporting period
Note 24	Contractual Commitments

Contact Information

This document gives details of Westminster City Council's Annual Accounts and is available on the Council's website at westminster.gov.uk.

CONTACT FOR FURTHER INFORMATION:

Jake Bacchus

Director of Finance

Corporate Finance

64 Victoria Street

London

SW1E 6QP

Telephone: 07811 723047



东方
律
师
楼

COSTUMIER

旺
記
Wong Kei

旺
記
Wong Kei

Gold Mine Restaurant
Tel: 020 72...

Wong Kei
旺
記

20

BETFRED

WONG KEI

山
樓
Gold Mine

