



  
City of Westminster

City  
for  
All

# Annual Accounts

Westminster City Council • 2020/21



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The Statement of Accounts for Westminster City Council for the year ended 31 March 2021 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 2020/21 ("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.**

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Member  
Preface  
and Annual  
Governance  
Statement  
2020/21

# Member Preface

## Member Preface

### **Introduction to the 2020/21 statement of accounts by the Cabinet Member for Finance & Smart Cities – Councillor Paul Swaddle OBE**

The Council started the 2020/21 financial year in the midst of the first global pandemic in 100 years and these statements of accounts are a reflection of the financial reality the pandemic has had on the Council.

The financial consequence of the pandemic has impacted on the Council's expenditure and income. As less people have travelled into the City income from fees and charges have reduced considerably and the Council have incurred additional costs supporting the most vulnerable people in our communities during this challenging year.

The Council have also refreshed its City for All priorities with a new pillar in response to the pandemic – Thriving Economy. This is recognition of the role the Council has to play in bringing people back into the City and maintaining Westminster's position as an engine of the UK economy, which will be even more important in a post covid and Brexit world.

Although a challenging year the Council can also reflect on 2020/21 being a successful one, particularly the way in which Westminster responded to the pandemic. Some of these achievements include:

- Supported over 1,000 residents in the last two years into work placements, paid work and apprenticeships by requiring our contractors to create employment opportunities.

- The Westminster Employment Service helped move 179 residents into jobs and supported 42 others to move into better paid positions or gain further qualifications.
- Supported 19,500 businesses through Retail Rates relief or Small Business Rates relief.
- Undertaken over 25,000 visits to ensure our businesses operate in a COVID-19 secure way to keep our communities safe.
- Conducted over 300 one-to-one appointments with businesses, which resulted in more than £2m of alternative support identified and awarded to them.

The year however was not without its difficult decisions and in 2021 Councillors made the decision to raise council tax by 0.5% - in line with inflation. This was in addition to the 2% precept for social care. This increase will help the Council to continue to deliver services for all residents but still maintains the Council's position as having the lowest rate of council tax in the country.



**COUNCILLOR PAUL SWADDLE OBE – CABINET MEMBER FOR FINANCE & SMART CITY**

# Annual Governance Statement 2020/21

## 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.

## HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

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 2020/21.



## 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 Executive Directors and reported to Audit and Performance Committee quarterly
- 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 are responsible for the overall management of the Council

- Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading ELT
- 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 who with the Chief Executive is responsible for ensuring legality and promoting high standards of public conduct

## Annual Governance Statement (continued)

<p>PRINCIPLE 1</p> <p>Behaving with integrity, and respecting the rule of law</p>	<p>At Westminster, Codes 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.</p>
<p>PRINCIPLE 2</p> <p>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. The Council also uses its Open Forum events to allow residents to meet and discuss local issues with Cabinet Members and senior officers, and it collects resident feedback on proposed service or policy changes through consultations.</p>
<p>PRINCIPLE 3</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits.</p>	<p>The strategic vision for Westminster is set out in its <i>City for All</i> Vision and Strategy, which sets out programmes of work under four pillars – Thriving Economy, Greener &amp; Cleaner, Vibrant Communities and Smart City. To deliver these, the Council has defined specific outcomes for each pillar, such as net zero emissions, improving employment outcomes and reducing health inequalities, and it will use key metrics and other functions with the council such as quarterly performance and risk management, corporate project management, and budget monitoring to report and monitor progress against achieving these outcomes them.</p>
<p>PRINCIPLE 4</p> <p>Determining the intervention necessary to achieve intended outcomes</p>	<p>A quarterly performance report tracks the performance of all Council activities in terms of key performance indicators, risk, achievements and issues. The report also highlights remedial actions being taken where slippage 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. Regular reporting also goes to the Innovation and Change Board which is made up of ELT members. This provides an update on how the Council is progressing against its strategic indicators and outcomes.</p>
<p>PRINCIPLE 5</p> <p>Developing capacity, including the capability of leadership and individuals within the Council</p>	<p>The Council's people strategy is called The Westminster Way. The Westminster Way forms a key part of the Council's service planning, building staff engagement and developing individual and collective capability and resilience. The three pillars of The Westminster Way focus on <i>personal development, valuing our people and diversity</i> and <i>the Westminster Way of working</i>. The Westminster Way is about creating a great place to work where people can grow personally and professionally. The three pillars of the Westminster Way are built around empowering staff to deliver the Council's core objectives, i.e. a <i>City for All</i>.</p>
<p>PRINCIPLE 6</p> <p>Managing risks and performance through strong internal control and financial management</p>	<p>Corporate risk registers are updated quarterly, with significant risks reviewed by senior management and members. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary. 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</p> <p>Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>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 (including performance reports) and minutes of meetings, key decisions, registers of interests, gifts and hospitality and all items of expenditure and contracts awarded over £500 are published on the Council's website.</p>

## Annual Governance Statement (continued)

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

External assessments during 2020/21 would have been impacted by the Covid-19 pandemic. In March 2020, OFSTED and the Care Quality Commission (CQC) gave a positive review of Westminster’s Special Educational Needs and/or Disabilities (SEND) Service, outlining a number of strengths stating that leaders from education, health and care are ambitious for children and young people with SEND, resulting in great outcomes.

### Assurances from Internal and External Audit

Commencement of the 2020/21 internal audit work plan was slightly delayed by the pandemic as priorities and resources within the Council were focused on the response required to support their residents and businesses. This slight delay did not impact significantly on the delivery of an appropriate level of internal audit coverage during the year and the service was not adversely impacted by the need to work remotely.

The annual report and opinion of the Head of Internal Audit for 2020/21 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 2020/21	Planned Action
Further improvements required in respect of Adult Social Care finances.	Three areas* have been reviewed in the last two years, where recommendations have been made to improve controls in respect of Adult Social Care. All of these areas have been subject to follow up during 2020/21 and the evidence provided demonstrates improvements in these areas however some Internal Audit recommendations have not yet been implemented as agreed. Further follow up and liaison with the service areas will be undertaken in 2021/22 to ensure that internal controls are operating effectively.
Improvements required within the Council’s processes for managing Cyber Security.	Action plan of improvements now agreed. Appropriate actions have been taken or will be taken to address weaknesses.
Improvements required in respect of the governance and accounting for income generated from the Council’s commercial property portfolio	Improvements to processes have been agreed and are being implemented, in particular to improve the accuracy of information held in respect of the portfolio and processes for ensuring timely collection and recording of income due.

\*Client Affairs (2019/20), Financial Assessments (2020/21 – advisory) and Direct Payments (2020/21)

## Annual Governance Statement (continued)

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. The most recent Audit Letter, issued in November 2020, confirmed that they had been able to give an unqualified audit opinion in respect of the Council's 2019/20 Statement of Accounts and to issue an unqualified opinion in respect of value for money, subject to some recommendations which are detailed in the 2019/20 audit findings report

### Self-assessment and review of key performance indicators

The Council's Finance team work 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. These KPIs are outlined in the table below

Key performance indicators	Outcomes 2020/21
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	None in 2020/21
Objections received from local electors	None in 2020/21
Local Government Ombudsman referrals upheld in line with the London average	72% (21) of referrals upheld (national average 70%)
Internal audit reports	3 high risk areas identified as shown in the preceding table above
Group activities	No governance issues to address in 2020/21. 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.

## Annual Governance Statement (continued)

### KEY GOVERNANCE ISSUES

Last year's Annual Governance Report highlighted three key areas for improvement. The table below sets out action taken to address these issues during 2020/21:

Issues Identified in Prior Years	Performance in 2020/21
Improvements to controls and clarity on roles and responsibilities in respect of Adult Social Care finances.	This links to the issues identified for 2020/21, please see above.
Housing complaints are not fully integrated with corporate systems and reporting.	Good progress has been made to implement the recommendations made to improve the integration of the housing complaints and corporate complaints systems. The majority of recommendations made have been implemented (7/9 or 78%) and further follow up will be undertaken in 2021/22.

#### Covid-19

Currently the key issue is COVID-19. The Council is working closely with central government and the health service to support businesses and residents across the City as follows:

- Supporting businesses - Rate relief coupled with grants for businesses in the retail, hospitality or leisure sector have to date helped out thousands of businesses with grants totalling £216m.
- Supporting residents – the Council has supported vulnerable residents and tenants through its Westminster Connects service. With the help of volunteers, community groups and businesses, Westminster Connects has supported more than 25,000 residents, and continues to reach out and offer support to those who are vulnerable. Additionally, the Council continues to work with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this group.
- Volunteering opportunities – an interactive map on the Council website provides details of local organisations that are assisting residents through COVID-19, the kinds of support they offer, and how to get in touch. Additional advice for volunteers can also be found with the [Westminster Connects](#) service.
- Minimising disruption of services by encouraging staff to work remotely from home wherever possible
- Virtual Council meetings are taking place to maintain open and transparent decision making whilst observing social distancing. Physical attendance at Council meetings follows central government guidance and regulations
- COVID-19 pages on the Council website are updated daily and provide further information [see https://www.westminster.gov.uk/coronavirus](https://www.westminster.gov.uk/coronavirus)

The Council's Internal Audit service has worked with the Council to ensure that awareness of fraud risk and appropriate systems of governance and internal controls have been maintained despite the changes in processes necessary to provide local people and businesses with rapid and effective support. Internal Audit has also provided assurance that Covid-19 funding provided by the Government has been used for the purpose intended, for example in respect of Income Compensation Claims, Test and Trace, Community Testing, Emergency Active Travel and Business Grants. This work will continue into 2021/22.

## Annual Governance Statement (continued)

An audit on the Council's compliance with the CIPFA Financial Management Code has also been included in the 2021/22 Audit Plan and will be part of a number of compliance reviews in respect of corporate governance.

Virtual Council meetings have been taking place to maintain open and transparent decision making whilst observing social distancing. COVID-19 pages on the Council website are updated daily and provide further information

<https://www.westminster.gov.uk/coronavirus>

Other key strategic risks for 2021/22 have been identified as follows:

Issues Identified for 2021/22 (from risk register)	Planned Response
The impact of Brexit on Council services and communities across Westminster	The Brexit Strategy Board has established a series of contingency plans and there is ongoing liaison with the London Resilience Forum, Government departments and other local authorities to provide joint solutions for any problems caused by Brexit.
A significant incident occurring in Westminster (e.g. weather event, fire, terror attack, etc.)	Plans are in place to safeguard business continuity and respond to major incidents. Learning outcomes from previous major incidents are used to inform future plans.
Providing affordable 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 a substantial affordable housing programme. The Council also works in partnership with other local authorities to help homeless families find, where appropriate, affordable housing outside the City.

## 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



**Cllr Rachael Robathan**  
Leader of Westminster City Council

A handwritten signature in black ink that reads "Rachael Robathan".

6 October 2021



**Stuart Love**  
Chief Executive of Westminster City Council

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

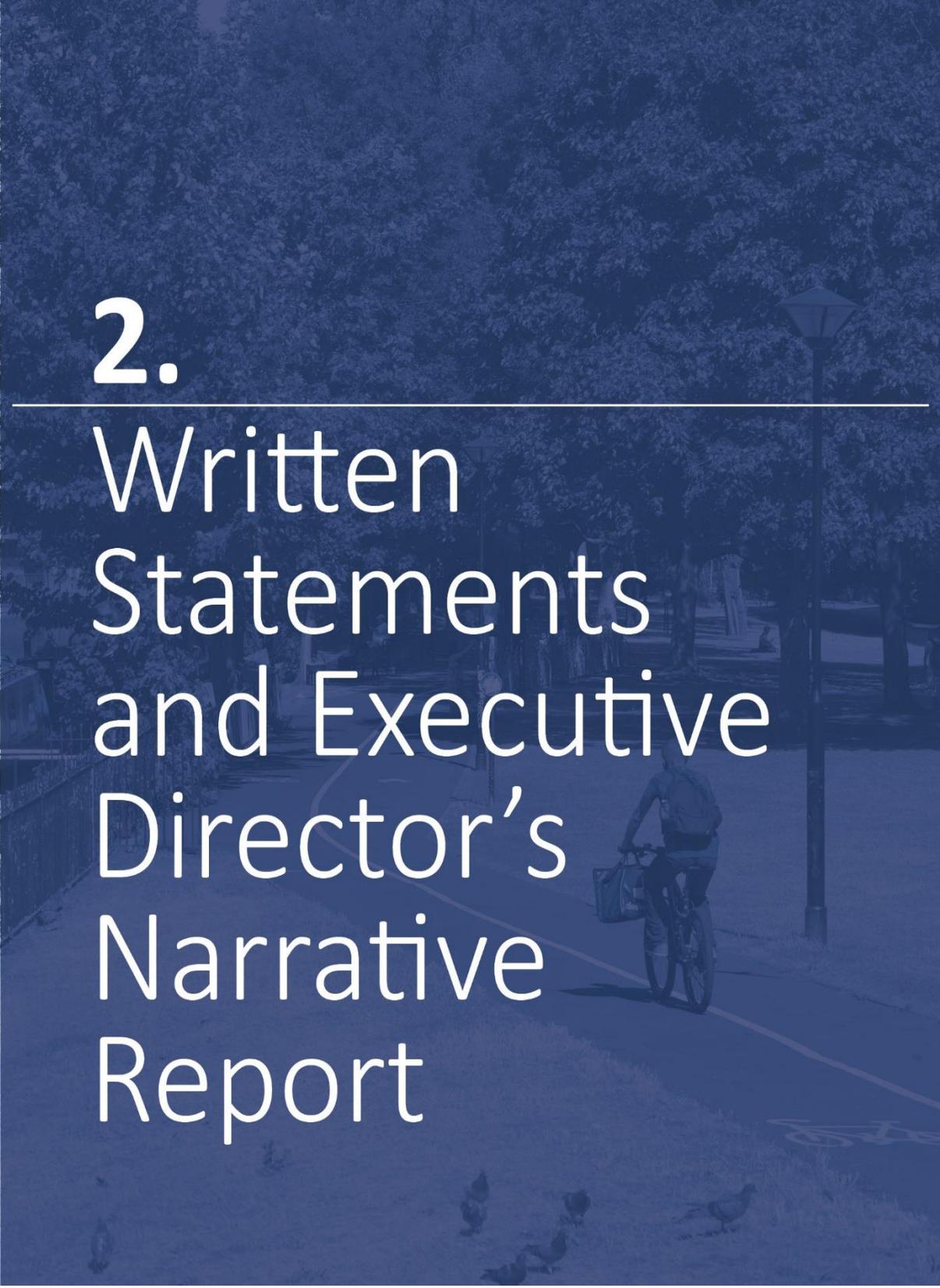
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# Written Statements and Executive Director's Narrative Report



# Executive Director's Narrative Report

## WESTMINSTER CITY COUNCIL OVERVIEW AND EXTERNAL ENVIRONMENT

### 1. THE CITY OF WESTMINSTER

As the 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. Because of its destination status, Westminster's daily population can grow significantly with an influx of workers and tourists. While this does bring considerable economic benefits, it also places a strain on the city's infrastructure, natural environment and resources. Westminster is also 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. Westminster is seen as an affluent place, but it also faces significant challenges: responding to a highly mobile population, tackling wealth and other inequalities, managing increasing demand for services and now dealing with the impact of a global pandemic.

### 2. COVID-19 PANDEMIC

The 2020/21 financial year has been unique for Westminster with the world experiencing its first global pandemic in 100 years. Since the first lockdown at the end of March 2020 the Council had very quickly established services to protect residents and businesses. This has included:

- Support for vulnerable communities and those who were requested to shield from the virus.
- Supporting rough sleepers off the street.
- Supporting our care homes and care providers throughout the City.
- Supporting the City's schools through various Covid-19 restrictions.
- Creating new community forums to engage with key stakeholders.
- Supporting businesses throughout the City through a series of grants and reliefs.

#### **Financial Impact on the Council's Budgets 2020/21**

The financial impact of the pandemic has been felt across all local government. The impact on Westminster City Council has been three-fold:

- The Council has incurred additional expenditure in its response to the pandemic
- The impact on the local economy has led to significant falls in income from sales, fees and charges.
- Saving proposals have been delayed or are considered no longer deliverable.

The impact of the pandemic has been mitigated by the support provided to local authorities by Central Government. The most considerable of these is the general Covid-19 grant funding and the income compensation scheme. Collectively these two sources of funding have provided the Council with £55m of income during the year which means along with other service specific Covid-19 grants the net impact on the general fund is £3.8m. This has meant

that the Council has been able to maintain a healthy level of reserves as at the end of this financial year.

#### **Medium Term Financial Planning**

There is still uncertainty surrounding the impact of pandemic on the UK's – and by extension – the Council's medium to long-term finances. Due to the Council's reliance on commercial income and fees and charges and consequently its exposure to the economic cycle, the Council has sought in recent years to build up the general fund balance to ensure the Council is financially resilient in a recession. The call on general fund balances this year has been fairly low given all factors considered and the Council is therefore in a sound financial position to draw upon its general fund reserve balance in 2021/22 if required. This is a similar approach to the one the Council took during the last economic crisis in 2008, before it then proceeded to build back reserves over the subsequent decade.

The Council has reset its Medium Term Financial Plan (MTFP) this year in recognition of the impact of the pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to focus on its ways of working and has put forward a number of collaborative saving proposals which take a departmentally cross-cutting approach. The changing environment will require the Council to continually review the services it provides, its delivery models and the outcomes they achieve going forward. This will also require the Council to review the structural position of its base budget in the short term and how that needs to change going

## Executive Director's Narrative Report (Continued)

forward as it can't be assumed that commercial income will return to full to previous levels.

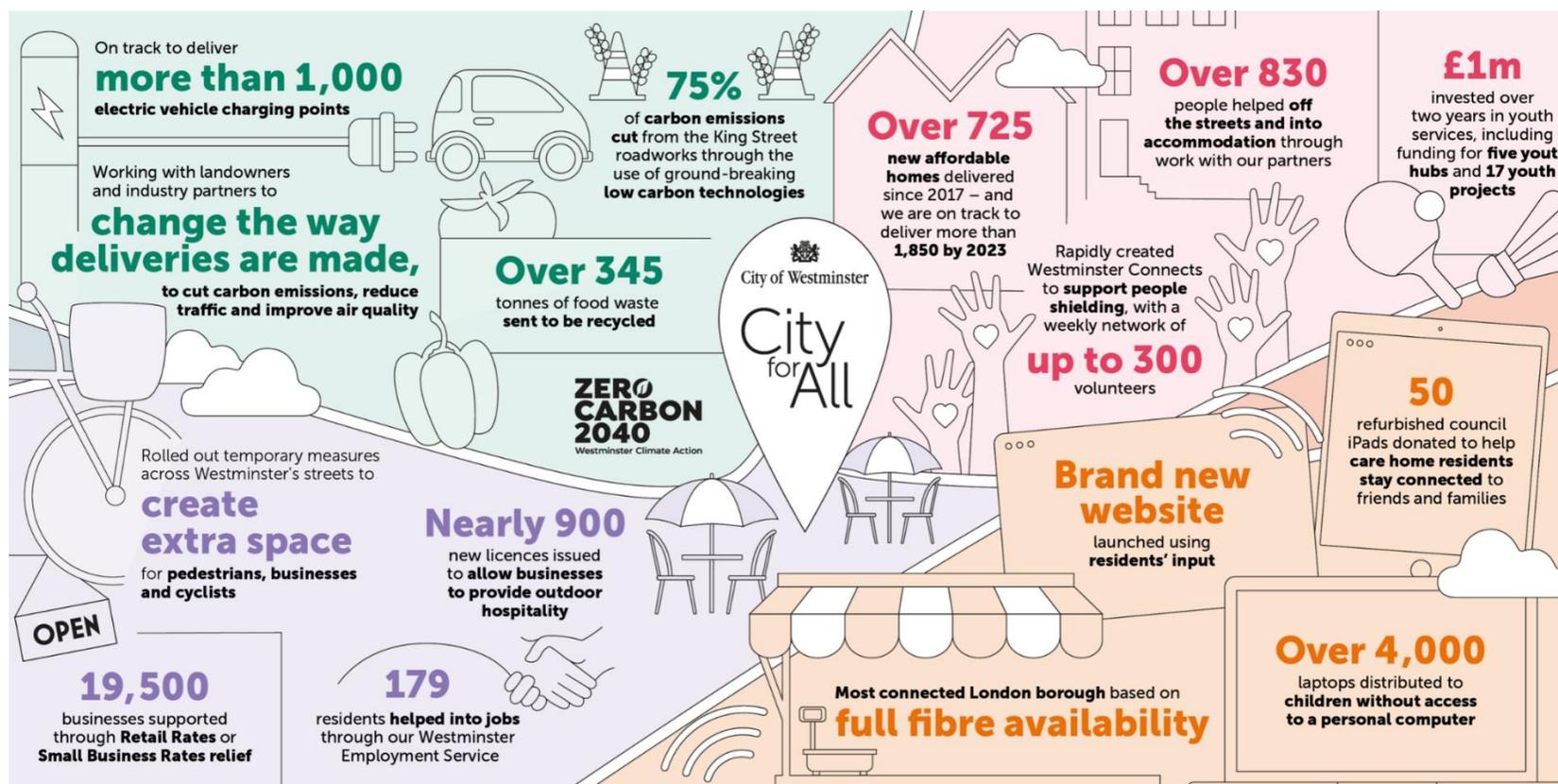
The coronavirus pandemic has had a profound impact on all aspects of life in Westminster. Through 2021/22 the Council will continue to adopt a proactive, evidence-led approach to how it prioritises its resources and ensures that it responds to the emerging needs of residents and businesses.

### 3. OTHER LOCAL GOVERNMENT FUNDING ISSUES

#### Fair Funding Review and Business Rates Retention

The government has announced that the Fair Funding Review (FFR) and Business Rates Retention reset (BRR) will be implemented in April 2022, although consultations and further details around this are yet to emerge. Council officers will continue

to work with the Government on informing the approach to funding for the next financial year and beyond.



## Executive Director's Narrative Report (Continued)

### 4. CITY FOR ALL

In March 2021 the Council refreshed its City for All Vision and Strategy to re-align its priorities following the Covid-19 outbreak. The four pillars of the Council's City for All programme of activity are:

- **Thriving Economy:** Reinvigorating the West End, addressing unemployment and attracting sustainable investment to the city
- **Greener and Cleaner:** Becoming a council with net zero emissions by 2030 and a net zero city by 2040.
- **Vibrant Communities:** Empowering people to be healthy and live well and providing excellent employment and education prospects for all
- **Smart City:** Using the latest technological innovations to empower and protect our communities and improve their lives

### WESTMINSTER CITY COUNCIL GOVERNANCE

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).

### 5. POLITICAL STRUCTURE IN 2020/21

The Council is made up of 60 councillors for 20 wards. The political make-up of the Council during 2020/21 was:

- Conservative Party – 41 councillors
- Labour Party – 19 councillors

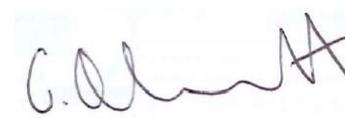
The Council operates under a Leader/Cabinet system. The Leader of the Council is Cllr Rachael Robathan and is supported by two Deputy Leaders who are also portfolio holders along with a further five Cabinet Members across a range of portfolios.

The Council has a statutory duty to set a balanced budget and this underwent scrutiny via the Budget and Performance Task Group in January 2021. Thereafter the Council's Medium-Term Financial Plan, Capital Strategy, HRA Business Plan and Treasury Management Strategy were all approved by Full Council in March 2021.

### 6. CHIEF OFFICER STRUCTURE

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 leadership and management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, ELT is made up of eight officers, including the Bi-Borough Executive Director

for Adults and Bi-Borough Executive Director for Children's. These officers carry out their roles for both Westminster and the Royal Borough of Kensington and Chelsea.



#### Gerald Almeroth

Executive Director – Finance and Resources  
Section 151 Officer

Westminster City Council

6 October 2021

## Executive Director's Narrative Report (Continued)

### FINANCIAL PERFORMANCE

#### 7. 2020/21 FINANCIAL PLANNING

A net budget of £180m for 2020/21 was approved by Cabinet and Full Council in February and March 2020, respectively. This included £31.8m of savings through a combination of financing, commercial, transformation and efficiency activities. Councillors also agreed a 0.5% increase in Council Tax and 3% increase for the Adult Social Care Precept. The 2020/21 outturn position is a £3.8m overspend. This is reflective of the impact of the pandemic on the Council's finances; the variance being considerably lower than originally anticipated due to the government's financial support that continued as the country went back into lockdown.

The Council has a strong financial management process in place with monthly monitoring reports presented to ELT and Cabinet members and published quarterly through the Audit and Performance Committee.

#### PENSION LIABILITIES £705M

The Council has net future pension liabilities of £705m (£625m as at 31 March 2020) on an IAS19 basis. The Westminster City Council Pension Fund is formally valued every three years by an independent actuary to set future contribution rates. The most recent actuarial revaluation, as at 31 March 2019, assessed the funding level at 100%. When the Pension Fund is in deficit, it generates an interest cost which would not occur if it were fully funded. The Council's decision to make increased deficit recovery payments

in recent years has significantly reduced both the overall pension fund deficit and the total interest payable by the Council to the Pension Fund.

The ongoing impact of the Covid-19 pandemic has still created uncertainty surrounding illiquid asset values and significant volatility in equity and credit markets. Despite the Pension Fund's assets recovering well past their pre-pandemic highs, increasing by £310m in year from £906m to £1,216m, the overall deficit on an IAS19 basis grew. This is due to an increase in liabilities from £1,531m to £1,921m. The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has dramatically reduced, it has led to a decrease in the discount rate, which in turn reduces the future value of liabilities.

#### HOUSING REVENUE ACCOUNT

The Council owns approximately 12,000 homes generating rental income of over £74m in the year (£73m in 2019/20). This income is held in a ring-fenced account (the Housing Revenue Account - HRA), which can only be used for social housing purposes.

The Council is planning to spend over £952m in the next five years to increase and improve its social housing stock.

#### PROVISIONS AND CONTINGENCIES

Westminster has the largest business rate income in the country and therefore the largest appeals provision.

The council currently holds £339m of provision for repayment in the future of which £333m relates to the 2017 Rateable Value list and £6m for the 2010/2005 Rateable Value list.

#### 8. MEDIUM TERM FINANCIAL PLAN: 2021/22 TO 2023/24

The Council has a three-year Medium-Term Financial Plan (MTFP) for 2021/22 onwards. The Covid-19 pandemic has led to a review of the Council's MTFP as new pressures emerge from reduced activity in the City, reducing fees and charges income. The Council agreed a new savings approach with directorate savings and collaborative, cross cutting saving proposals included as part of the budget approved by Full Council in March 2021. The MTFP position as reported to Council is summarised below:

Change Since July 2020	2021/22 £'m	2022/23 £'m	2023/24 £'m	Total £'m
Gap July 2020	29.242	31.010	31.151	91.403
Service Specific Items:				
Service Savings	(16.906)	(10.877)	(4.050)	(31.833)
Other Changes	(12.337)	2.241	(6.395)	(16.491)
Final Budget Gap - March 2021	(9.000)	22.374	20.706	43.079

An update on the Council's MTFP, along with an analysis of the financial impact on the Council of Covid-19 will be provided to Cabinet during the year. A new medium-term plan for 2022/23 to 2024/25 will then be submitted to Cabinet and Full Council for approval in February/March 2022.

## Executive Director's Narrative Report (Continued)

### 9. CAPITAL STRATEGY

- The Council's City for All corporate strategy drives an ambitious five-year capital investment programme totalling £2.8bn, including: Housing delivery schemes which will enable the Council to achieve its target to deliver 1,850 new affordable homes by 2023
- Commenced construction on the first scheme to be delivered by the Council's subsidiary housing company, Westminster Builds
- Investment to ensure the continued success of the West End as a business, leisure and heritage destination including £150m towards the Oxford Street District programme
- 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. This expenditure is financed from a combination of capital receipts, grant funding and the Council's own financial resources.

- The table below shows a summary of 2020/21 capital expenditure:

	2020/21 Expenditure Budget	2020/21 Income Budget	Outturn Expenditure	Outturn Income	Expenditure Variance
	£000	£000	£000	£000	£000
Adults	1,251	(1,251)	83	(83)	(1,168)
Children's	20,998	(15,181)	9,294	(6,898)	(11,704)
Growth, Planning and Housing	76,273	(22,853)	38,484	(7,752)	(37,789)
Environment & City Management	81,567	(39,885)	52,069	(25,756)	(29,498)
Finance and Resources	29,889	0	13,684	(390)	(16,205)
Westminster Housing Investment Limited	45,521	0	21,169	(4,256)	(24,352)
Projects Funded from FCR	1,783	0	526	0	(1,257)
<b>Total</b>	<b>257,282</b>	<b>(79,170)</b>	<b>135,309</b>	<b>(45,135)</b>	<b>(121,973)</b>

### 10. CASHFLOWS & ASSETS

Westminster City Council manages cashflows and assets in excess of £8 billion by:

- Collecting over £1.353bn of Business Rates, the largest amount in the country. The Council keeps only a small proportion of this.
- Collecting £108m Council Tax .
- Managing a £3.248bn portfolio of land and buildings.
- Accounting for £1.346bn per annum of fees, charges, rents, and grant funding which are used to help deliver services and keep council tax down.

#### CAPITAL CASHFLOWS



#### REVENUE CASHFLOWS



## Executive Director's Narrative Report (Continued)

### 11. GROUP FINANCIAL PERFORMANCE

#### NET ASSETS £2,598M (£2,675M AT 31 MARCH 2020)

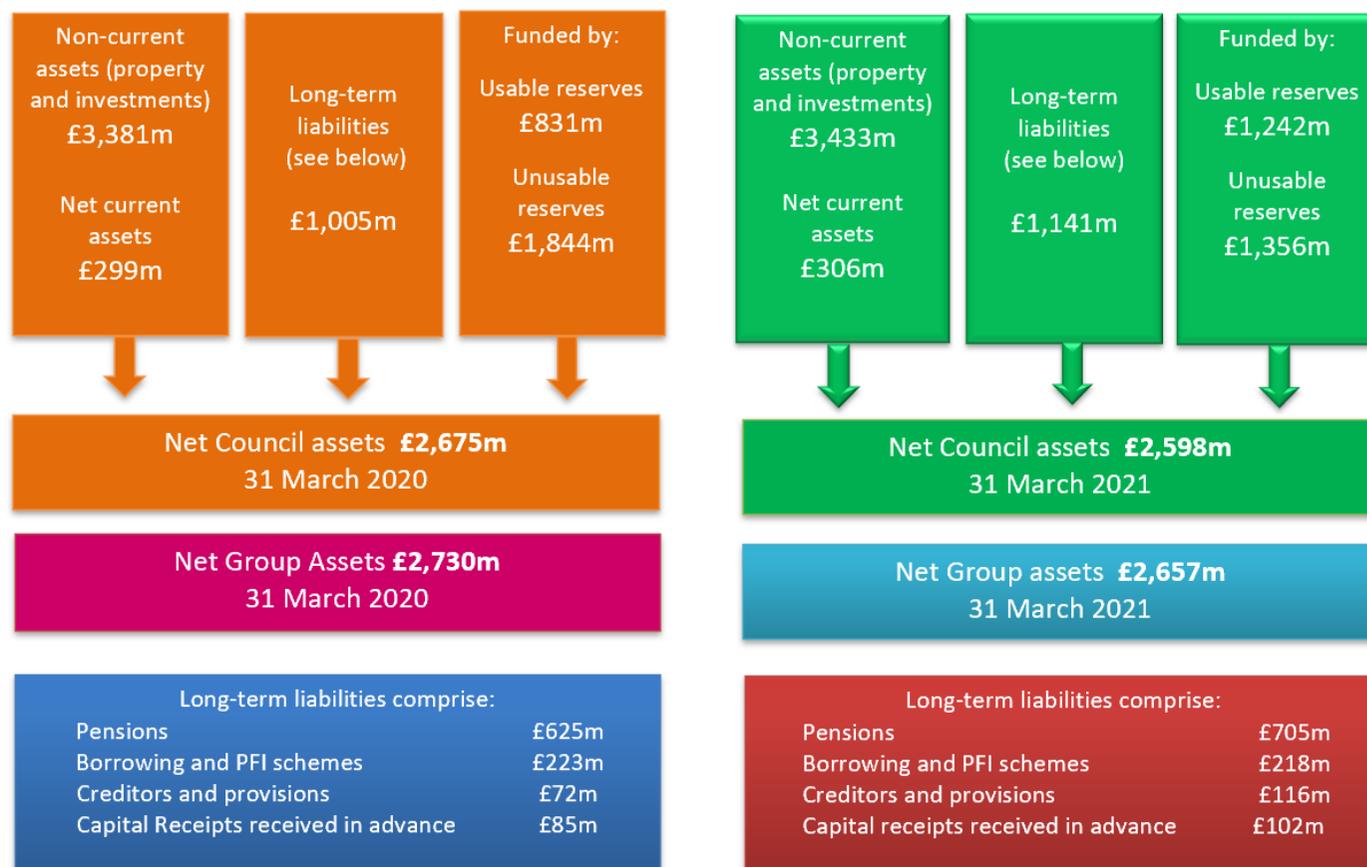
The council has maintained a strong year-end balance sheet. Sufficient funding is in place to repay both long and short term liabilities as these fall due.

#### GROUP ACCOUNTS £2,657M (£2,730M AT 31 MARCH 2020)

Group accounts provide an overview of organisations subject to council control. In 2020/21 these were:

- Westminster Community Homes Limited – a housing development vehicle.
- Westco Trading Limited -offer 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

##### Delivering a City for All

Here are some highlighted outcomes from our pandemic response and wider City for All delivery of which we're particularly proud:

##### Thriving Economy

- Supported over 1,000 residents in the last two years into work placements, paid work and apprenticeships by requiring our contractors to create employment opportunities.
- From April to December 2020, the Westminster Employment Service helped move 179 residents into jobs and supported 42 others to move into better paid positions or gain further qualifications.
- Supported 19,500 businesses through Retail Rates relief or Small Business Rates relief.
- Undertaken over 25,000 visits to ensure our businesses operate in a COVID-19 secure way to keep our communities safe.
- Conducted over 300 one-to-one appointments with businesses, which resulted in more than £2m of alternative support identified and awarded to them.

##### Greener and Cleaner

- More than eight out of ten residents were satisfied with how we keep our streets clean and regularly collect bins.
- Completed the roll out of the city-wide 20mph speed limit.

- Added 7.5 miles of new cycle lanes to support safe, active and sustainable travel around the city
- Completed ground-breaking low carbon roadworks on King Street, exclusively using electric vehicles, cargo bikes, tools, welfare and recycled equipment, which cut the project's carbon emissions by an estimated 75%
- Diverted over 345 tonnes of food waste from incineration with our award-winning food waste recycling collection trial.

##### Vibrant Communities

- Quickly established Westminster Connects, both a digital platform and a weekly network of up to 300 volunteers dedicated to supporting people shielding.
- Enhanced green spaces, widened footways, improved lighting, and made street crossings and other public spaces safer through the Community Infrastructure Levy.
- Directly distributed our Winter COVID-19 grants totalling £750,000 to 6,706 children in receipt of free school meals, over 1,600 low-income households, 250 care leavers and 13 families with no recourse to public funds.
- Prevented 458 cases of homelessness since April 2020.
- Opened our state-of-the-art and energy efficient care home, Beachcroft House, where 65 residents have settled in and are enjoying its facilities.
- Rolled out a programme of on-site and digital activities for our young people through our libraries, City Lions, schools, and

flagship thematic events such as Westminster Enterprise Week.

- Continued to support all our families with a child with special educational needs or disability (SEND), remodelling our short breaks offer to provide individual care to children and their families.
- Supported 615 vulnerable residents, since April 2020, to continue living in their homes by providing bathrooms suitable for their needs, ensuring heating if a boiler breaks down, and providing a Handy person service

##### Smart City

- Distributed – with support from our partners – over 4,000 laptops to children previously without access to a personal computer to minimise disruption to their learning and development.
- Brought virtual concerts and performances to our care home residents with Constella OperaBallet, so that they could continue enjoying music and culture.
- Launched a brand-new website, designed using residents' input to make it easy for all
- research to address our long-standing challenges.
- Introduced our 'Crowdfund Westminster' platform to empower local residents and organisations to crowdfund the financial support needed for local activities. The Council has pledged £58,000, and five campaigns have already hit their funding targets.

## Executive Director's Narrative Report (continued)

### 13. PEOPLE STRATEGY

Westminster employs approximately 2,500 staff in full-time and part-time positions. This number has increased by a quarter in the last year since bringing in house the Council's former ALMO City West Homes.

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. The Council's Westminster Way People Strategy 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 support and development of its staff.

#### 14. TOP STRATEGIC RISKS FOR UPCOMING YEAR

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and updating. The key risks for the forthcoming year include:

Subsequent health protection incidents could compound the impact of Covid-19 and hinder the local response – Public Health

Covid-19 has affected us all, our residents, communities, public institutions, businesses, and voluntary and community organisations. Resources across the Council are fully mobilised in reducing the risk of exposure, through effective outbreak managements, as well as reducing the risk of complications and death among our residents.

**Mitigation:**

Recovery planning is underway to tackle the short, medium- and long-term adverse effects on physical and mental health, economic challenges and environmental impact.

- Low uptake of vaccines may lead to outbreak situations, with particular risk to our most ethnically diverse communities, in areas of highest deprivation and amongst care staff. A vaccination plan has been implemented to ensure engagement across the system to maximise uptake and help reduce inequality. As of 12/5/21, the current uptake of vaccines among all eligible residents is 37.02%.
- The Council is giving robust support to NHS colleagues to encourage and increase uptake, including through GP practices and the call centre hub, vaccine bus, community pop ups, increasing provision via pharmacies and improving access through a blended model on council estates.
- The Pfizer vaccine is available now to all including younger cohort from 12/5/21, which may also reduce hesitancy.
- Further work is underway on vaccine take up with care home staff.
- Failure to have a robust approach to winter planning and flu vaccination could lead to a surge in flu and Covid infections. An approach to targeting flu vaccinations to vulnerable groups and children is being developed by Public Health. We are awaiting the outcome of clinical guidance to potentially administer Covid-19 and flu vaccines at the same time
- The Council is also supporting the CCG with their approach to reaching those who are uncontactable

The Council fails to meet its safeguarding responsibilities for a child, young person or adult – Adult Social Care and Children's Services

Independent scrutiny is provided by the Local Safeguarding Children's Board and the Safeguarding Adults Executive Board to ensure robust policies are in place, drive improvement in practice and support the implementation of lessons from case reviews. We monitor our recruitment process and staff are asked to attend safeguarding training as part of their induction and ongoing professional development.

## Executive Director's Narrative Report (continued)

Mitigation:

In the event of an incident, there would be a co-ordinated and multi-agency response to ensure appropriate and timely action is taken. Additional measures are also in place to protect and safeguard individuals. Community development, communications and public engagement workstreams are established to prevent potential incidents. Learning outcomes are also discussed with the London Resilience Forum to feed future action plans.

Financial pressures resulting in an inability to fund services for resident, businesses and visitors – Finance and Resources

A range of wider market dynamics contributes to increasing financial pressures placed on the Council, including changing levels of service demand, the impacts of Covid-19, Brexit, and central government policy. These affect services across the Council in different ways; however, ultimately, they could impact service quality and delivery and therefore the residents and businesses, our overall financial position and reputation.

Mitigation:

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.

Serious information or cyber security incident due to data breach, malware outbreak, phishing, ransomware attack – Finance & Resources

Increased numbers of cyber-attacks, combined with the pressure to respond quickly to the emergency and the unprecedented rise in working from home (while data protection requirements remain unchanged) potentially increases the risk of unauthorised disclosure, data loss and wrongful use of personal data. Critical business systems could be taken offline leading to financial loss through ransomware or outages on revenue generating systems as well as data compromise, leading to Information Commissioners' Office (ICO) fines, putting vulnerable residents' dataries with associated reputational damage or the Council being unable to undertake business. To date, there is no increase in staff reporting data breaches since Covid-19.

Mitigation:

We continue to focus on improving system availability and reducing the risk of data loss. Improvements around information security and data breach management are being made, such as the full migration to Windows 10 and the design of new policies, with the support of our Data Protection Officer. Cybersecurity is also being improved via mandatory training completion and corporate guidance on data handling when working from home, whilst maintaining existing controls such as secure email.

## Executive Director's Narrative Report (continued)

Failure of a major contract or an inability to secure alternative provision resulting in the Council being unable to provide services or meet its statutory obligations – Finance and Resources

The Council depends on a range of contracted partners to deliver its services. This supply chain could be disrupted by several factors such as the Covid-19 pandemic, Brexit, and the economic fallout and uncertainties arising. This could ultimately delay or disrupt critical services or service delivery, resulting in non-compliance of contractual obligations, non-compliance of legal obligations, financial loss or impact the Council's reputation. Covid-19 has had a disproportionate impact on some sectors, notably social care affecting services for adults, children, and wider public health. The financial impact of this has affected providers in different ways, increasing operational costs (for example additional health and safety measures, increased use of temporary labour) and also through loss of income (for example the increased level of voids in care homes) or utilisation of vehicles for transport services. Some third sector organisations are also seeing normal funding streams disrupted.

**Mitigation:**

The Council has the following control measures in place: Procurement Code, the Supply Chain Resilience Forum, Contract Management Framework, scrutiny of all new contracts worth more than £100k, performance monitoring, periodic financial checks/enhanced financial checks pre-and post-contract award, a contract segmentation now applied to all contracts (risk and value). The Procurement Code has been updated and the Procurement Governance Process has been improved. The Council plans to enhance monitoring and awareness across contract managers in particular to recognise early warning signs that might indicate supplier distress and embed contractual mechanisms to ensure formal early warning of changes to the suppliers' financial wellbeing.

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A significant incident occurring in Westminster (e.g. weather event, fire, terror attack, etc.) – Environment and City Management

To help ensure Westminster's sustainability and resilience, we work closely with other local authorities, the emergency services and partner organisations. This coordination enables us to respond quickly if potential threats such as terrorism or extreme weather were realised.

Mitigation:

Terrorism Future controls are detailed within Prevent, Protect and Emergency Planning and Business Continuity. In addition to carrying out test exercises, the Council participates fully in Safer City, a pan-London annual exercise, and engages in partnership working with the Metropolitan Police Service. Flooding the Council follows the GLA's London Strategic Flood Framework and Environment Agency Guidance, the Serpentine Reservoir Inundation Plan, and it also has its own Westminster Plan for Major Emergencies, WCC Staff 10 Point Plan for Business Continuity, and test exercises. The Thames Barrier is also a major existing control against flood events.

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The impact of Brexit on Council services and communities across Westminster – Environment, City and Management

Britain left the EU on 31 January 2020 and Her Majesty's Government agreed a trade deal with the EU27 on 24th December 2020, avoiding a "No Deal" scenario. The impacts of Brexit are far-reaching and have an influence on many parts to the Council's service delivery and objectives both medium and long term. In the short term, Brexit may mean potential workforce shortages, particularly in key sectors with fragile markets, and potential supply chain disruption.

Mitigation:

Officers are monitoring the key issues that will impact Westminster and regular meetings are being held with the WCC EU Exit Strategic Board to mitigate risks. The Council has also been advised that regional EU Exit response will be rolled into the current London Strategic Coordination Group and Delivery Coordination Group arrangements.

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### 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 2021. 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 2020/21, which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- The **Comprehensive Income and Expenditure Statement** – this records all of 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 "snapshot" 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 **Group Accounts** include:

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

The **Annual Governance Statement**

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

The **Supplementary Financial Statements** are:

- The **Housing Revenue Account** – this 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.

# Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMINSTER CITY COUNCIL

### OPINION

We have audited the financial statements of Westminster City Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2021, 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 and the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement 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 2020/21.

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 2021 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 2020/21; 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 Authority or group'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 2020/21 that the Authority 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 2020) 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.

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 or 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.

In auditing the financial statements, we have concluded that the Executive Director of Finance and

## Independent Auditor's Report (continued)

Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Executive Director of Finance and Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Executive Director of Finance and Resources and Those Charged with Governance for the financial statements' section of this report.

### OTHER INFORMATION

The Executive Director of Finance and Resources is responsible for the other information. The other information comprises the information included in the Annual Accounts, other than the financial statements, our auditor's report thereon and our auditor's report on the pension fund financial statements. 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.

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

We have nothing to report in this regard.

### 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, THE EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

As explained in the Statement of Responsibilities for the Statement of Accounts, set out on page 37, 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 2020/21, 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 there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit and Performance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, 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 senior officers 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 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 Authority and group'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 and the recognition of income and expenditure at the end of the financial year. We determined that the principal risks were in relation to:
  - journal entries that altered the Authority's financial performance for the year;
  - potential management bias in determining accounting estimates, especially in relation to:
    - o the calculation of the valuation of the Council's land and buildings; and

## Independent Auditor's Report (continued)

- accruals of income and expenditure at the end of the financial year.

We did not identify any instances of management bias.

- 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 significant journals at the end of the financial year which impacted on the Authority's financial performance;
  - challenging assumptions and judgements made by management in its significant account estimates in respect of property valuations;
  - substantive procedures to confirm the appropriateness of income and operating expenditure with a particular emphasis on transactions recorded close to and after 31 March 2021;
  - challenging assumptions and judgements made by management in making year end income and expenditure accruals; 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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 and fraud included the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuations of the Authority's land and buildings land and buildings, investment property and defined benefit pensions liability valuations.
- 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;
  - 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.

### **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 2021.

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

## Independent Auditor's Report (continued)

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 2021.

### 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, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### 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 April 2021. 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 2021 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 and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

### 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 43 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

6 October 2021

# Independent Auditor's Report – Pension Fund

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

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 2021 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 2020/21.

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 2021 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 2020/21; 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 2020/21 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 2020) 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.

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.

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.

## Independent Auditor's Report – Pension Fund (continued)

The responsibilities of the Executive Director of Finance and Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Executive Director of Finance and Resources and Those Charged with Governance for the financial statements' section of this report.

### OTHER INFORMATION

The Executive Director of Finance and Resources is responsible for the other information. The other information comprises the information included in the Annual Accounts, other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. Our opinion on the Pension Fund's 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.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund 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 Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### OPINION ON OTHER MATTER 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 Annual Accounts, 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, THE EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, set out on page 37, 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 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 2020/21, 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.

## Independent Auditor's Report – Pension Fund (continued)

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 there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Performance Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This

description forms part of our auditor's report.

### EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service 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 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 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 journal entries that altered the Pension Fund's financial performance for the year.
- 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 particular focus on significant journals at the end of the financial year which impacted on the Pension Fund's financial performance;

## Independent Auditor's Report – Pension Fund (continued)

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of level 3 investments, and IAS 26 pensions liability valuations;
- 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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 and fraud included the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuations of the Pension Fund's level 3 investments, and IAS 26 pensions liability.
- 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.

### 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 43 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

6 October 2021

# 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 statute 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

## APPROVAL OF STATEMENT OF ACCOUNTS

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



**Councillor Ian Rowley**  
Chairman of the Audit and Performance Committee



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# Core Financial Statements

# Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of 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.

2019/20			Note	2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
112,614	(63,281)	49,333	Finance and Resources	104,924	(41,158)	63,766
6,298	(8,943)	(2,645)	Innovation and Change	8,763	(3,446)	5,317
151,862	(93,661)	58,201	Adults' Services	157,448	(88,221)	69,227
162,551	(115,551)	47,000	Children's Services	183,630	(125,820)	57,810
192,637	(140,096)	52,541	Environment and City Management	176,672	(99,522)	77,150
446,216	(360,228)	85,988	Growth, Planning and Housing	419,602	(382,833)	36,769
<b>1,072,178</b>	<b>(781,760)</b>	<b>290,418</b>	<b>Cost of services</b>	<b>1,051,039</b>	<b>(741,000)</b>	<b>310,039</b>

## Comprehensive Income and Expenditure Statement (continued)

2019/20			Note	2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
-	-	590	Other operating expenditure	Note 5	-	-	(33,167)
-	-	(32,573)	Financing and investment income and expenditure	Note 6	-	-	24,568
-	-	(315,520)	Taxation and non-specific grant Income	Note 7	-	-	(289,280)
-	-	<b>(57,085)</b>	<b>(Surplus)/Deficit on Provision of Services</b>		-	-	<b>12,160</b>
<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>							
-	-	(67,299)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets		-	-	(5,456)
-	-	(93,911)	Remeasurement of the net defined benefit liability	Note 31	-	-	70,502
		<b>(161,210)</b>	<b>Other Comprehensive Income and Expenditure</b>		-	-	<b>65,046</b>
-	-	<b>(218,295)</b>	<b>Comprehensive Income and Expenditure (Surplus)/Deficit</b>		-	-	<b>77,206</b>

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.

2019/20				Revenue Reserves			Capital Reserves		Total Usable Reserves*	Total Unusable Reserves*	Total Council Reserves	
	General Fund Balance	Earmarked GF 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	
<b>Balance at 31 March 2019</b>	(62,782)	(267,898)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,426)	(823,248)	(1,633,743)	(2,456,991)
<b>Movement in reserves during 2019/20</b>												
(Surplus)/Deficit on provision of services (accounting basis)	(44,546)	-	-	(44,546)	(12,539)	-	(12,539)	-	-	(57,085)	-	(57,085)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(161,210)	(161,210)
<b>Total Comprehensive Income and Expenditure</b>	(44,546)	-	-	(44,546)	(12,539)	-	(12,539)	-	-	(57,085)	(161,210)	(218,295)
Adjustments between accounting basis and funding basis under regulations	11,517	-	-	11,517	12,408	-	12,408	31,637	(6,535)	49,027	(49,027)	-
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	(33,029)	-	-	(33,029)	(131)	-	(131)	31,637	(6,535)	(8,058)	(210,237)	(218,295)
Transfers (to)/from Earmarked Reserves	32,499	(33,168)	669	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease In Year</b>	(530)	(33,168)	669	(33,029)	(131)	-	(131)	31,637	(6,535)	(8,058)	(210,237)	(218,295)
<b>Balance at 31 March 2020</b>	<b>(63,312)</b>	<b>(301,066)</b>	<b>(1,748)</b>	<b>(366,126)</b>	<b>(17,365)</b>	<b>-</b>	<b>(17,365)</b>	<b>(95,854)</b>	<b>(351,961)</b>	<b>(831,306)</b>	<b>(1,843,980)</b>	<b>(2,675,286)</b>

\* For further detail, please refer to Note 17 – Transfers to and from Earmarked Reserves and Note 16 – Unusable Reserves

## Movement in Reserves (continued)

2020/21				Revenue Reserves			Capital Reserves		Total Usable Reserves*	Total Unusable Reserves*	Total Council Reserves	
	General Fund Balance	Earmarked GF 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	
<b>Balance at 31 March 2020</b>	(63,312)	(301,066)	(1,748)	(366,126)	(17,365)	-	(17,365)	(95,854)	(351,961)	(831,306)	(1,843,980)	(2,675,286)
<b>Movement in reserves during 2020/21</b>												
(Surplus)/Deficit on provision of services (accounting basis)	35,446	-	-	35,446	(23,286)	-	(23,286)	-	-	12,160	-	12,160
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	65,046	65,046
<b>Total Comprehensive Income and Expenditure</b>	35,446	-	-	35,446	(23,286)	-	(23,286)	-	-	12,160	65,046	77,206
Adjustments between accounting basis and funding basis under regulations	(501,633)	-	-	(501,633)	23,077	-	23,077	(2,099)	58,123	(422,532)	422,532	-
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	(466,187)	-	-	(466,187)	(209)	-	(209)	(2,099)	58,123	(410,372)	487,578	77,206
Transfers (to)/from Earmarked Reserves	470,067	(467,060)**	(1,199)	1,808	(1,808)	-	(1,808)	-	-	-	-	-
<b>(Increase)/Decrease In Year</b>	3,880	(467,060)	(1,199)	(464,379)	(2,017)	-	(2,017)	(2,099)	58,123	(410,372)	487,578	77,206
<b>Balance at 31 March 2021</b>	<b>(59,432)</b>	<b>(768,126)</b>	<b>(2,947)</b>	<b>(830,505)</b>	<b>(19,382)</b>	<b>-</b>	<b>(19,382)</b>	<b>(97,953)</b>	<b>(293,838)</b>	<b>(1,241,678)</b>	<b>(1,356,402)</b>	<b>(2,598,080)</b>

\*For further detail, please refer to Note 17 – Transfers to and from Earmarked Reserves and Note 16 – Unusable Reserves

\*\*Within Transfers to earmarked reserves is £444m to Business Rates Deficit / S31 reserve. Of this, £370m is S31 grant received (including income compensation paid by government for large loss in business rates income); £57m is surplus received in 20/21 but relating to prior years; and £16m is safety net payment to bring the council back to its baseline budget. The reserve will be used to mitigate business rates shortfalls in future years

# Balance Sheet

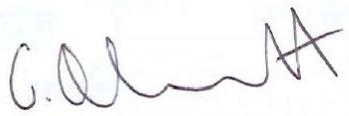
The **Balance Sheet** shows the values of assets and liabilities held by the Council. The net assets of the Council are matched by the reserves held by the Council. The reserves are presented within two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, 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 2020	Note	31 March 2021
£'000		£'000
<b>ASSETS</b>		
<u>Non-current</u>		
2,677,424	Property, plant and equipment	2,781,226
44,578	Heritage assets	44,578
499,382	Investment property	467,386
1,313	Intangible assets	2,861
88,104	Long-term investments	47,261
70,623	Long-term debtors	89,957
<b>3,381,424</b>	<b>Total long-term assets</b>	<b>3,433,269</b>
<u>Current</u>		
543,945	Short-term investments	237,853
116	Inventories	130
97,970	Short-term debtors	560,869
35,522	Cash and other cash equivalents	80,402
-	Assets held for sale	2,202
<b>677,553</b>	<b>Current assets</b>	<b>881,456</b>

## 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 2021 and its income and expenditure for the year then ended.



Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

6 October 2021

31 March 2020	Note	31 March 2021
£'000		£'000
<b>LIABILITIES</b>		
(16,828)	Short-term borrowing	(7,128)
(349,341)	Short-term creditors	(556,886)
(687)	Short-term provisions	(971)
(11,484)	Revenue receipts in advance	(10,643)
<b>(378,340)</b>	<b>Total current liabilities</b>	<b>(575,628)</b>
<u>Long term</u>		
(52)	Long-term creditors	(7,317)
(72,299)	Long-term provisions	(108,988)
(206,143)	Long-term borrowing	(200,696)
(642,316)	Other long-term liabilities	(722,126)
(84,541)	Capital receipts in advance	(101,890)
<b>(1,005,351)</b>	<b>Long-term liabilities</b>	<b>(1,141,017)</b>
<b>2,675,286</b>	<b>Net assets</b>	<b>2,598,080</b>
(831,306)	Total Usable Reserves	(1,241,678)
(1,843,980)	Total Unusable Reserves	(1,356,402)
<b>(2,675,286)</b>	<b>Total Reserves</b>	<b>(2,598,080)</b>

# Cash Flow Statement

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

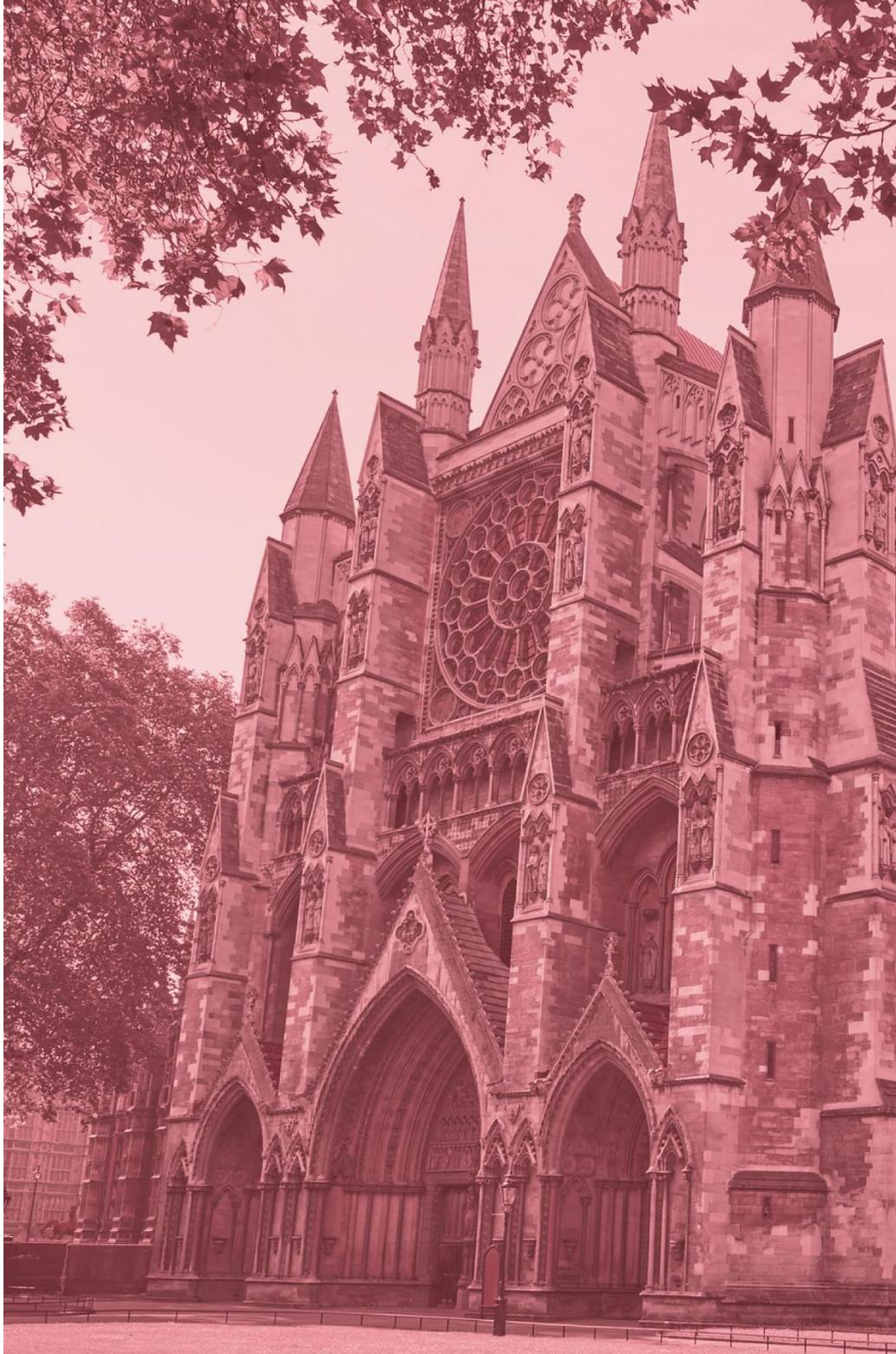
The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as relating to operating, investing or financing activities.

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 no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

2019/20		Note	2020/21
£'000			£'000
(57,085)	Net (surplus)/deficit on the provision of services		12,160
(62,759)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	Note 32	(201,332)
138,880	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	Note 32	122,059
<b>19,036</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(67,113)</b>
<b>36,825</b>	<b>Net Cash Flows from Investing Activities</b>	Note 33	<b>(233,787)</b>
<b>(41,479)</b>	<b>Net Cash Flows from Financing Activities</b>	Note 34	<b>256,020</b>
<b>14,382</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(44,880)</b>
49,904	Cash and cash equivalents at the beginning of the reporting period		35,522
<b>35,522</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>80,402</b>



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# 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 2020/21, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) supported by International Financial Reporting Standards (IFRS)
- the Service Reporting Code of Practice 2020/21 (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: 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 2021 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. Upon reclassification assets are subsequently valued in line with the relevant class of asset.

In certain cases, a property might be used for combination of investment and operational purposes. In these instances, the Council will split the valuation of the property between PPE and Investment 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 days or less 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.

### INVESTMENT PROPERTY

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.

Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

## Note 1 Accounting Policies (continued)

### 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.

### REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE

Legislation permits 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 Her 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:

- **Interest Rate Benchmark Reform** amendments to IFRS 9, IAS 39 and IFRS 7 have an impact on

hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.

- **Interest Rate Benchmark Reform – Phase 2** amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an

existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

## 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

Items	Uncertainties	Consequences if actual results differ from assumptions
<p><b>Property, Plant and Equipment - PP&amp;E (Valuations, Asset Lives and Derecognition)</b></p>	<p>Land and building assets carrying value and remaining useful life are assessed by the Council's Valuers. These valuations include an assessment of the extent and feature of the sites, construction and the accommodation of the building etc. Where site boundaries were unclear, the valuations were based on the boundaries apparent at the time of the inspection and title documentation. Where a property did not have direct access to the public highway and access was across adjoining land, it was assumed for valuation purposes that full access rights and easements for services would be available to the property in the event of a sale. Changes in local government funding and future restructuring of services by the Council may affect the use of existing assets and levels of spending to maintain these assets. This may lead to changes in asset values and asset lives in the future.</p> <p><b>Limitations</b></p> <p>Our indexation work has been completed without recent inspection of OLB properties.</p> <p>There remains significant market uncertainty at the time of preparing this valuation and analysis following the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020. The UK's property markets have been significantly impacted and, as at the valuation date, we consider that this continued uncertainty and lower than usual transaction activity may distort the indexation data that we have relied on in preparing our assessment. However, on the reporting date we have had no indication that has materially impacted our valuations.</p>	<p>Changes to asset value and lives will have an effect on the annual depreciation charge for use of assets charged to services in the CI&amp;ES. The annual depreciation charge for PP&amp;E in 2020-21 is £77.516m (£77.5m in 2019- 20) and the gross book value of these assets is £2,717m (£2,627m in 2019-20).</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 5%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £109m. 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. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £2.8 billion.</p> <p>The asset life has an inverse effect with depreciation charge. The lower the asset life, the higher the depreciation charge; the higher the asset life, the lower the depreciation charge.</p>
<p><b>Fair value measurement of investment property</b></p>	<p>The council's valuers use valuation techniques to determine the fair value of investment property. 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>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</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
<b>Valuation of HRA Dwellings</b>	<p>The HRA residential portfolio is valued based on a beacon methodology. 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 be 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 about £155m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
<b>Pensions Liability</b>	<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.</p> <p>The Council has engaged Barnett Waddingham as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>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:</p> <p>A 0.1% increase in the discount rate will reduce the net pension liability by £36.4m;</p> <p>A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £34.3m;</p> <p>An increase of one year in longevity will increase the net pension liability by £89.4m.</p>
<b>Business Rates</b>	<p>The council is part of the London Business Rates pool with 30% share of the total business rates it collects. Under the current scheme the council does not pay a levy on growth above its baseline which gets passed over to the pool and redistributed back to all councils, including Westminster, as retained growth within local government.</p> <p>In 2020/21 the Council retained 30% (£699m) of the business rates income it collected. However, it paid a tariff of approximately £582m into the London pool.</p> <p>The Council is exposed to large business rates appeals from businesses / agencies which directly impacts the total incomes it collects in future years. It therefore needs to determine the possible successful appeals which will reduce its income collected. It currently holds appeals provision in relation to rates lists for 2005, 2010 and 2017 list.</p> <p>The Collection Fund currently holds £339m appeals provision to counter the potential impact of successful appeals in future years. £334m relates to 2017 list and the rest to prior years.</p>	<p>The Council's overall financial losses are protected via the London Pool with any variance to the Council's assumptions being offset by the safety net payment entitlement for the London pool which will be distributed according to each Council's individual safety net position as determined by central government (which is accrued for at year-end).</p> <p>During Covid-19, it collected far less business rates income due to reliefs given and reduced collection rate. Nevertheless the council will lose no more than approx. £6.8m in business rates income within its General Fund due to the safety net protection and the section 31 grant it receives to fund reliefs such as Retail, Hospitality &amp; Leisure reliefs given to businesses this year. However, the £6.8m loss will be covered via the business rates equalisation reserve which the council has built over the years to counter the financial impact in such scenarios.</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
<b>Impairment allowance for doubtful debt</b>	<p>As at 31 March 2021, the Council had an outstanding balance of short-term debtors totalling £560m. Against this debtors' balance, there is an impairment allowance of £101m. 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 the Covid-19 pandemic 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. The council also has larger share of the collection fund arrears from businesses which increased from £37m to £68m and therefore recognised a higher bad debt provision.</p>	<p>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 and further review has been carried out to reflect the uncertainty of the collection rates as a result of Covid-19. 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.</p>
<b>Valuation of Group housing dwellings</b>	<p>The value of the dwellings held by the Council's subsidiaries have been revalued from depreciated historic cost to existing use value-social housing (EUV-SH) on consolidation. In revaluing the dwellings, the value at 31 March 2021 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.</p> <p>The outbreak of Covid-19 has had an unprecedented impact on global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value.</p>	<p>A variation of +/- 1% in the indexed value would be £0.59m on the EUV-SH of £59m.</p>

# 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. In October 2018, the Council decided to bring the housing management services provided by City West Homes in-house from 31st March 2019 and this transition has been completed. Under the termination agreement all assets and liabilities transferred to the Council as at that date. CityWest Homes Ltd and its subsidiary, CityWest Homes Services Ltd, are currently in a dormant state before they are formally wound up.
- The 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 rests 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. Recognition of the disposal of school assets on the Council's balance sheet occurs on the date on which a school converts to academy status, not on the date of any related announcement. Neither is any impairment recognised by the Council prior to conversion.
- Dwellings held by Westminster Community Homes Ltd have been re-valued to Existing Use Value- Social Housing on consolidation into the Council's Group Accounts to align with the Council's valuation of council dwellings. This is because tenants occupy these dwellings on assured tenancy terms similar to those of council dwellings except for the Right to Buy.



# 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 2020/21 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.

2019/20	2020/21
£'000	£'000
2,506	2,516
Levies	
3,911	2,397
Payments to the Government Housing Capital Receipts Pool	
(5,222)	(38,070)
(Gains)/losses on the disposal of non-current assets	
(605)	(10)
Other income	
<b>590</b>	<b>(33,167)</b>
<b>Total</b>	

## 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.

2019/20		2020/21
£'000		£'000
10,507	Interest payable and similar charges	9,289
16,269	Net interest on the net defined benefit liability (asset)	14,111
(12,930)	Interest receivable and similar income	(6,475)
883	Net (gains)/losses on financial assets at fair value through profit and loss	1,099
(47,302)	Income and expenditure in relation to investment properties and changes in their fair value	6,544
<b>(32,573)</b>	<b>Total</b>	<b>24,568</b>

## 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.

2019/20		2020/21
£'000		£'000
(57,319)	Council Tax Income	(60,520)
(108,521)	Non-Domestic Rates income	(172,886)
-	LESS WCC share of NNDR Collection fund deficit*	444,355
(34,219)	Non-ringfenced government grants*	(449,636)
(115,461)	Capital grants and contributions	(50,593)
<b>(315,520)</b>	<b>Total</b>	<b>(289,280)</b>

\* The large 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 an increase in 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**

2019/20				2020/21		
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
17,282	(32,051)	49,333	Finance and Resources*	(1,132)	(64,898)	63,766
(2,220)	425	(2,645)	Innovation and Change	21,071	15,754	5,317
58,325	124	58,201	Adult Services	60,349	(8,878)	69,227
45,599	(1,401)	47,000	Childrens Services	54,788	(3,022)	57,810
23,343	(29,198)	52,541	Environment & City Management	47,149	(30,001)	77,150
88,977	2,989	85,988	Growth, GF-Housing and Planning	31,946	(4,823)	36,769
<b>231,306</b>	<b>(59,112)</b>	<b>290,418</b>	<b>Net Cost of Services</b>	<b>214,171</b>	<b>(95,868)</b>	<b>310,039</b>

## Note 8 Expenditure and Funding Analysis (continued)

Table B

2019/20				2020/21		
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
(17,248)	(17,838)	590	Other Operating Income and Expenditure	(23,436)	9,731	(33,167)
(48,593)	(16,020)	(32,573)	Financing and Investment Income and Expenditure	41,845	17,277	24,568
(198,625)	116,895	(315,520)	Taxation and Non-Specific Grant Income and Expenditure	(698,976)	(409,696)	(289,280)
<b>(33,160)</b>	<b>23,925</b>	<b>(57,085)</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>(466,396)</b>	<b>(478,556)</b>	<b>12,160</b>

## Note 8 Expenditure and Funding Analysis (continued)

**Table C**

2019/20			2020/21		
Opening Balance	Surplus or Deficit on the Provision of Services	Closing Balance	Opening Balance	Surplus or Deficit on the Provision of Services	Closing Balance
£'000	£'000	£'000	£'000	£'000	£'000
(62,782)	(530)	(63,312)	(63,312)	3,880	(59,432)
(17,234)	(131)	(17,365)	(17,365)	(2,017)	(19,382)
<b>(80,016)</b>	<b>(661)</b>	<b>(80,677)</b>	<b>(80,677)</b>	<b>1,863</b>	<b>(78,813)</b>
(267,898)	(33,168)	(301,066)	(301,066)	(467,060)	(768,126)
(2,417)	669	(1,748)	(1,748)	(1,199)	(2,947)
<b>(270,315)</b>	<b>(32,499)</b>	<b>(302,814)</b>	<b>(302,814)</b>	<b>(468,259)</b>	<b>(771,073)</b>
<b>(350,331)</b>	<b>(33,160)</b>	<b>(383,491)</b>	<b>(383,491)</b>	<b>(466,396)</b>	<b>(849,887)</b>

\*Within General Fund Earmarked Reserves is £444m to Business Rates Deficit / S31 reserve. Of this, £370m is S31 grant received (including income compensation paid by government for large loss in business rates income); £57m is surplus received in 20/21 but relating to prior years; and £16m is safety net payment to bring the council back to its baseline budget. The reserve will be used to mitigate business rates shortfalls in future years.

## Note 8 Expenditure and Funding Analysis (continued)

**Table D**

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

2019/20				2020/21				
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
(24,152)	(8,272)	373	(32,051)	Finance and Resources*	(55,283)	(9,651)	37	(64,897)
(38)	594	(131)	425	Innovation and Change	15,754	-	-	15,754
(662)	1,010	(224)	124	Adults' Services	(8,878)	-	-	(8,878)
(2,253)	1,143	(291)	(1,401)	Children's Services	(3,022)	-	-	(3,022)
(30,863)	2,152	(487)	(29,198)	Environment & City Management	(30,002)	-	-	(30,002)
855	2,621	(487)	2,989	Growth, GF-Housing and Planning	(4,722)	-	(101)	(4,823)
<b>(57,113)</b>	<b>(752)</b>	<b>(1,247)</b>	<b>(59,112)</b>	<b>Net Cost of Services</b>	<b>(86,153)</b>	<b>(9,651)</b>	<b>(64)</b>	<b>(95,868)</b>
(17,838)	-	-	(17,838)	Other Operating Income and Expenditure	9,732	-	-	9,732
(375)	(16,269)	624	(16,020)	Financing and Investment Income and Expenditure	18,297	-	(1,020)	17,277
110,298	-	6,597	116,895	Taxation and Non-Specific Grant Income and Expenditure	34,658	-	(444,355)	(409,697)
<b>34,972</b>	<b>(17,021)</b>	<b>5,974</b>	<b>23,925</b>	<b>Difference Between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(23,466)</b>	<b>(9,651)</b>	<b>(445,439)</b>	<b>(478,556)</b>

\*In 2018/19 City Treasurer and Corporate Services were shown separately. These have been included within Finance and Resources in 2019/20 following a restructure.

## 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 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 ANALYSIED BY NATURE

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

2019/20		2020/21	
£'000		£'000	
250,943	Employee Benefits Expenses	260,518	
705,004	Other Service Expenses	1,197,961	
26,776	Interest Payments	23,400	
3,911	Payments to Housing Capital Receipts Pool	2,397	
2,506	Precepts and Levies	2,516	
77,407	Depreciation, Amortisation and Impairments	77,515	
<b>1,031,308</b>	<b>Total Expenditure</b>	<b>1,564,307</b>	
(534,169)	Government Grants and Contributions	(909,403)	
(405,471)	Fees, Charges and Other Service Income	(364,793)	
(165,840)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(233,406)	
(5,222)	Gains on the Disposal of Assets	(38,070)	
(12,930)	Interest and Investment Income	(6,475)	
<b>(1,088,393)</b>	<b>Total Income</b>	<b>(1,552,147)</b>	
<b>(57,085)</b>	<b>Surplus on the Provision of Services</b>	<b>12,160</b>	

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

2019/20		2020/21	
Fees, Charges and Other Service Income		Fees, Charges and Other Service Income	
£'000		£'000	
(161,573)	Rent	(159,812)	
(87,733)	Parking Income	(67,163)	
(6,292)	Planning Application Fees	(5,010)	
(73,921)	Schools Income	(74,408)	
(18,684)	Commercial Waste	(7,684)	
(9,470)	Road Management	(8,644)	
(47,798)	Other Income	(42,072)	
<b>(405,471)</b>	<b>Total Income</b>	<b>(364,793)</b>	

#### 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 into 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 £8.657m in 2020/21 (£10.998 in 2019/20). Gross income received was £8.657m in 2020/21 (£10.998 in 2019/20). The reduction between the two financial years is due to changes in the scope of the Better Care Fund programme.

2019/20				2020/21		
WCC	CCGs	Total	s.75	WCC	CCGs	Total
£000s	£000s	£000s		£000s	£000s	£000s
-	3,835	3,835	Better Care Fund Lead Commissioning	-	3,747	3,747
-	7,163	7,163	Non - Better Care Fund	-	4,910	4,910
-	<b>10,998</b>	<b>10,998</b>	<b>Total</b>	-	<b>8,657</b>	<b>8,657</b>

# 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).

2019-20	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	211,722	18,870	-	56,726	4,249	-	-	291,567
Executive Director of Finance Resources - G Almeroth	169,206	1,249	-	31,219	697	-	-	202,371
Executive Director Growth, Planning and Housing - B Brownlee	169,206	16,589	-	45,706	405	62	-	231,968
Bi Borough Executive Director of Adults Social Care - B Flaherty	169,206	16,589	3,024	46,449	-	-	-	235,268
Executive Director of City Management & Communities – S Sutton	144,102	12,356	1,750	38,919	291	-	-	197,418
Bi Borough Executive Director of Children's Services (Ex) – M Caslake	48,669	16,589	-	16,054	-	7	-	81,319
Bi Borough Executive Director of Children's Services – S Newman	137,961	4,939	-	35,153	291	-	-	178,344
Executive Director of Policy, Performance and Communications - J Corkey	160,308	14,435	1,398	43,331	-	-	-	219,472
Her Majesty's Coroner - Inner West London - F Wilcox	162,935	-	4,874	40,789	-	-	-	208,598
Director of Public Health - H Al-Sharifi	251,663	-	-	-	-	-	-	251,663
Director of Law – T Shawkat	131,524	12,416	3,282	36,217	1,934	-	-	185,373
Director of People Services – L Witham	143,632	12,645	3,020	39,187	-	-	-	198,484

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

2020/21	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		217,545	-	-	53,516	-	-	-	271,061
Executive Director of Finance Resources - G Almeroth		173,859	-	-	56,247	-	502	-	230,608
Executive Director Growth, Planning and Housing - Ex	A	19,909	-	-	(4,995)	-	-	-	14,914
Executive Director Growth, Planning and Housing - D Jackson	B	116,687	-	-	29,083	-	-	-	145,770
Bi Borough Executive Director of Adults Social Care & Public Health - B Flaherty	C	182,319	-	2,795	45,538	-	-	-	230,652
Executive Director of City Management & Communities - Ex	D	87,188	-	1,008	21,695	-	-	-	109,891
Executive Director of City Management & Communities - R Mistry	E	85,452	-	-	21,021	-	-	-	106,473
Bi-Borough Executive Director of Children's Services - S. Newman	F	156,156	-	-	38,414	-	-	-	194,570
Executive Director of Policy, Performance and Communications - Ex	G	13,727	-	106	3,403	-	-	101,455	118,691
Interim Executive Director of Innovation & Change - Ex	H	106,218	-	-	-	-	-	-	106,218
Executive Director of Innovation & Change - P Wrobel	I	56,279	-	-	13,902	-	-	-	70,181
Her Majesty's Coroner - Inner West London - F Wilcox	J	166,898	-	-	41,757	-	-	-	208,655
Bi-Borough Interim Director of Public Health - Ex	K	118,944	-	-	-	-	-	-	118,944
Bi-Borough Interim Director of Public Health - R Styles	L	201,427	-	-	-	-	-	-	201,427
Bi-Borough Director of Public Health	M	58,120	-	447	16,615	-	-	-	75,182
Director of Law - T Shawkat		137,307	-	3,076	34,534	67	-	-	174,984
Director of People Services - L. Witham		157,750	-	2,647	39,457	-	-	-	199,854
<b>Total</b>		<b>2,055,785</b>	<b>-</b>	<b>10,079</b>	<b>410,187</b>	<b>67</b>	<b>502</b>	<b>101,455</b>	<b>2,578,075</b>

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

\*\* Deferred Pay is the full amount of this element paid in 2020/21

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

- A) The post holder ceased on 12 July 2020. This employee joined Westminster Builds as Managing Director.
- B) The post holder commenced on 13 July 2020
- C) 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
- D) The post holder ceased on 14 December 2020
- E) The post holder commenced on 14 September 2020
- F) 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
- G) The post holder ceased on 30 April 2020. The Policy, Performance and Communications (PPC) directorate went through a restructure in 2020/21. This Executive post also became defunct as part of that
- H) The post holder commenced on 29 June 2020 and ceased on 30 November 2020. This is part of the restructure of PPC directorate
- I) The post holder commenced on 28 November 2020. This is part of the restructure of the PPC directorate
- J) 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 27.0% Westminster, 21.9% Merton, 16.5% RBKC and 34.6% Wandsworth
- K) The post holder ceased on 31 July 2020
- L) The post holder commenced on 01 August 2020. The Bi-Borough Interim 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
- M) post holder commenced on 1st Oct 2020 on maternity leave throughout 2020/21

## 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:

2019/20		2020/21	
No of Employees		No of Employees	
209	£50,000 - £54,999	233	
151	£55,000 - £59,999	189	
97	£60,000 - £64,999	104	
48	£65,000 - £69,999	63	
38	£70,000 - £74,999	40	
32	£75,000 - £79,999	34	
28	£80,000 - £84,999	24	
13	£85,000 - £89,999	24	
13	£90,000 - £94,999	14	
8	£95,000 - £99,999	14	
5	£100,000 - £104,999	6	
2	£105,000 - £109,999	4	
3	£110,000 - £114,999	7	
6	£115,000 - £119,999	4	
1	£120,000 - £124,999	1	
1	£125,000 - £129,999	1	
1	£130,000 - £134,999	2	
2	£135,000 - £139,999	1	
2	£140,000 - £144,999	4	
1	£145,000 - £149,999	1	
<b>661</b>	<b>Total</b>	<b>770</b>	

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

### Note 10c Exit Packages

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:

2019/20				2020/21					
(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
42	-	42	305	£0 - £20,000	18	-	18	114	
11	-	11	317	£20,001 - £40,000	7	-	7	214	
2	-	2	105	£40,001 - £60,000	1	-	1	51	
-	-	-	-	£60,001 - £80,000	-	-	-	-	
1	-	1	89	£80,001 - £100,000	-	-	-	-	
2	-	2	258	£100,001 - £150,000	1	-	1	101	
1	-	1	199	£150,001 - £200,000	-	-	-	-	
1	-	1	333	£300,001 - £350,000	-	-	-	-	
<b>60</b>	<b>-</b>	<b>60</b>	<b>1,606</b>	<b>Total</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>481</b>	

The Council terminated the contracts of 27 employees in 2020/21. Of the total payment of £0.481m, 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

The Council paid allowances to its members of £0.988m in 2020/21 (£0.967m in 2019/20).

# 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:

2019/20		2020/21
£'000		£'000
143	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	143
38	Fees payable to external auditors for the certification of grant claims and returns for the year	36
15	Fees payable in respect of other services provided by external auditors during the year relating to 18/19 Audit	-
10	Fees payable in respect of Teacher's Pension audit	8
5	Fees payable in respect of audit of pooling of capital receipts	5
<b>211</b>	<b>Total</b>	<b>192</b>

# 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 Finance and Early Years (England) (No 2) Regulations 2018. 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 2020/21 are as follows:

	Central Expenditure	Individual Schools Budget	Total 2020/21	Total 2019/20
	£'000	£'000	£'000	£'000
Final DSG before Academy Recoupment			160,678	154,211
Academy figure recouped			(71,585)	(67,642)
<b>Total DSG after Academy recoupment</b>			<b>89,093</b>	<b>86,569</b>
Plus: Brought forward			2,382	2,581
Less: Carry forward projected			(2,382)	(2,581)
<b>Agreed initial budgeted distribution</b>	<b>24,585</b>	<b>64,508</b>	<b>89,093</b>	<b>86,569</b>
In year adjustments	-	(2,459)	(2,459)	(2,885)
<b>Final budgeted distribution</b>	<b>24,585</b>	<b>62,049</b>	<b>86,634</b>	<b>83,684</b>
Less Actual central expenditure	(25,025)	-	(25,025)	(20,067)
Less Actual ISB deployed to schools	-	(61,605)	(61,605)	(64,188)
<b>(Drawdown from)/Contribution to DSG Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372</b>
<b>Estimated Carry Forward to 2021/22</b>	<b>(440)</b>	<b>444</b>	<b>4</b>	<b>(199)</b>
<b>Total</b>			<b>2,386</b>	<b>2,382</b>

# Note 13 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

2019/20	Credited to Taxation and Non-Specific Grant Income	2020/21
£'000	Non-Ringfenced Government Grants (Revenue)	£'000
(13,298)	Section 31 Grant*	(361,845)
-	Revenue Support Grant	(30,119)
-	Local government income compensation scheme for lost sales, fees and charges	(28,008)
(9,125)	Covid 19 Grant	(20,010)
(8,370)	New Homes Bonus	(6,237)
(3,426)	Collection Allowance – Business Rates and Business Rates Supplement	(3,417)
<b>(34,219)</b>	<b>Sub-Total</b>	<b>(449,636)</b>

\* Section 31 Grant has increased to compensate for loss of Business Rate income arising from Covid-19 pandemic in 2020/21 and 2021/22

## Note 13 Grant Income (continued)

2019/20	Credited to Services	2020/21
£'000		£'000
(191,393)	Housing Benefits Subsidy	(183,606)
(83,684)	Dedicated Schools Grant	(86,635)
(30,425)	Public Health Grant	(31,593)
(19,444)	Better Care Funding - Clinical Commissioning Group element	(17,738)
(15,807)	Improved Better Care Funding Programme*	(17,130)
(1,323)	Winter Pressures Grant*	-
(2,260)	Social Care Support Grant	(9,155)
(6,869)	Homelessness Grants	(9,140)
(8,307)	Education and Skills Funding Agency Grant	(7,635)
(4,338)	Unaccompanied Asylum Seeking Children Grant	(5,561)
(4,095)	Pupil Premium Grant	(3,832)
-	S106 Contributions	(2,571)
(1,538)	DFE Teachers Pay Grant & Teachers' Pensions Employment Contributions Grant	(2,485)
(1,078)	Discretionary Housing Payments Grant	(1,466)
-	Cross River Partnership	(1,455)
(1,241)	Housing Benefit Subsidy Administration Grant	(1,312)
-	DWP Grants	(840)
(903)	Universal Infant Free School Meals**	-
(893)	Troubled Families grants**	-
(7,869)	Other Government Grants**	(11,118)
(3,022)	Other Non-Government grants and contributions	(189)
<b>(384,489)</b>	<b>Sub-Total</b>	<b>(393,461)</b>

\*Improved Better Care Funding Programme includes the Winter Pressures Grant; this was disclosed separately in 2019/20.

\*\* Other Government grants in 2020/21 consist of 48 grants (including 2 disclosed separately in 2019/20), none of which individually are over £1m.

## Note 13 Grant Income (continued)

2019/20	Credited to Services – Covid Related	2020/21
£'000		£'000
	- Contain Outbreak Management Fund (COMF)	(4,129)
	- LA Test and Trace Service Support Grant	(2,891)
	- Homelessness	(2,703)
	- Next Steps Accommodation Programme	(912)
	- Other Government Grants	(5,078)
	- <b>Sub-Total</b>	<b>(15,713)</b>
<b>(418,708)</b>	<b>Total</b>	<b>(858,810)</b>

## Note 13 Grant Income (continued)

2019/20	Capital Grants and Contributions	2020/21
£'000		£'000
(38,368)	Community Infrastructure Levy	(20,141)
(6,076)	GLA Contributions	(8,640)
(2,483)	S106 Contributions - General	(7,497)
(18,486)	S278 Contributions	(5,878)
(6,556)	Transport for London Grants	(2,958)
(1,857)	DfE Grants	(1,847)
-	Utilities Company contribution to Planned Maintenance	(1,234)
(1,452)	Disabled Facilities Grant	(1,189)
(37,330)	S106 Contributions - Affordable Housing Fund General Fund	-
(1,026)	Royal Borough of Kensington & Chelsea Contributions	-
(1,827)	Other Capital Grants & Contributions	(1,209)
<b>(115,461)</b>	<b>Total</b>	<b>(50,593)</b>

## Note 13 Grant Income (continued)

2019/20	Capital Grants Receipts in Advance (Non-Current)	2020/21
£'000		£'000
(54,353)	S106/ S278 Contributions <sup>‡</sup>	(78,683)
-	BEIS Decarbonisation Fund	(12,999)
-	Affordable Housing Fund	(2,252)
(26,119)	GLA Regeneration Grant <sup>‡</sup>	(2,065)
(1,503)	Special Provision Capital Fund (DfE)	(1,290)
-	City of London SIP	(1,125)
(1,094)	Basic Need Grant	(342)
(622)	Other Government Grants	(3,127)
(850)	Other Grants and Contributions	(7)
<b>(84,541)</b>	<b>Total</b>	<b>(101,890)</b>

2019/20	Revenue Grants and Contributions Receipts in Advance (Current)	2020/21
£'000		£'000
-	Housing Benefit Subsidy*	(4,468)
-	Contain Outbreak Management Fund (Covid)	(2,180)
(9,183)	Section 31 Grant	-
(267)	New Homes Bonus*	-
(1,376)	Other Government Grants*	(3,409)
(658)	Other Non Government Grants and Contributions	(586)
<b>(11,484)</b>	<b>Total</b>	<b>(10,643)</b>

\*New Homes Bonus, disclosed separately in 2019/20 has been included in Other Government Grants in 2020/21. Housing Benefit Subsidy, included in Other Government Grants in 2019/20 at £0.103m, is now disclosed separately.

# Note 14 Agency Services

2019/20	2019/20	2020/21	2020/21
£'000	£'000	£'000	£'000
<b>Transport for London</b>			
(7,190)	Contributions	(61)	
7,190	Expenditure	68	
	- (Surplus)/ Deficit		7
<b>Inner West London Coroner's District</b>			
(1,129)	Contributions	(1,239)	
1,523	Expenditure	1,704	
	394 (Surplus)/ Deficit		465
<b>Collection of Mayoral CIL</b>			
(16,139)	Contributions	(8,698)	
	(646) Proportion retained by WCC (see note)		(348)
<b>Thames Water</b>			
(4,492)	Contributions	-	
3,486	Expenditure	-	
	(1,006) (Surplus)/ Deficit		-
<b>(1,258)</b>	<b>Net Surplus</b>		<b>124</b>

## 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. During 2020/21 £0.68m of works were undertaken for TFL.

## 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 £1.70m of expenditure was incurred by the Coroners Service towards which contributions were received or accrued totalling £1.24m from the other three local authorities this year. The balance of £0.46m is Westminster's contribution to the service.

## Note 14 Agency Services (continued)

### COLLECTION OF MAYORAL CIL

The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. The Levy was ratified on 29th February 2012 and applies to developments agreed after 1st April 2012.

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

- **Zone 1 boroughs - £50 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 is able to retain 4% of the levy to cover the costs of administration and collection.

During 2020/21, Mayoral CIL contributions of £8.70m is forecast to be received, the balance of £0.35m is retained by Westminster to cover administrative costs.

### THAMES WATER

Up until 31st March 2020 the council charged its Housing tenants for water rates on behalf of Thames Water. The amount repayable to Thames Water was reduced by a commission, void rate, arrears and bad debt provision, all at fixed percentages based on the total water charge.

In August 2018 Thames Water Utilities issued Westminster City Council (WCC) with notification of their decision to bring customer billing back in-house. From 31<sup>st</sup> March 2020, WCC no longer collects tenant water charges on their behalf. WCC is not alone in this change to be implemented by Thames Water, as the billing process was being brought back in-house from local authorities across the board.



## 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 2020/21	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 2020/21 or were received in 2020/21 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2020) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2020/21 Losses on soft loans granted in 2020/21 and interest receivable in 2020/21 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 2020/21	Financial Instruments Adjustment Account
Pooled Investments	Movements in the fair value of pooled investment funds	Historical cost gains/losses for money market fund investments disposed of in 2020/21	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 2020/21	Pensions Reserve
Council Tax	Accrued income from 2020/21 bills	Demand on the Collection Fund for 2020/21 plus share of estimated surplus for 2019/20	Collection Fund Adjustment Account
Business Rates	Accrued income from 2020/21 bills	Budgeted income receivable from the Collection Fund for 2020/21 plus share of estimated surplus for 2019/20	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2020/21 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount receivable for 2020/21	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2021	No charge	Accumulated Absences Adjustment Account

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

2019/20	Usable Reserves					Unusable Reserves	Relevant Unusable Reserve*
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments to Revenue Resources</b>							
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	(322)	59	-	-	-	263	Financial Instruments Adjustment Account / Financial Instruments Revaluation Reserve
· Pensions costs	(17,022)	-	-	-	-	17,022	Pensions Reserve
· Council tax	6,597	-	-	-	-	(6,597)	Collection Fund Adjustment Account
· Holiday pay	(198)	(163)	-	-	-	361	Accumulated Absences Account
· Capital expenditure	11,411	12,562	(23,481)	(23,331)	(75,354)	98,193	Capital Adjustment Account
<b>Capital and Revenue Financing</b>							
Resources set aside for capital financing	14,002	-	51,757	23,331	68,819	(157,909)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(3,766)	(50)	3,816	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	815	-	(455)	-	-	(360)	Deferred Capital Receipts
<b>Total adjustments</b>	<b>11,517</b>	<b>12,408</b>	<b>31,637</b>	<b>-</b>	<b>(6,535)</b>	<b>(49,027)</b>	

\*Details of movements in unusable reserves are in note 16.

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

2020/21	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	
<b>Adjustments to Revenue Resources</b>							
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	(1,070)	49	-	-	-	1,021	Financial Instruments Adjustment Account
· Pensions costs	(9,651)	-	-	-	-	9,651	Pensions Reserve
· Collection Fund	(444,355)	-	-	-	-	444,355	Collection Fund Adjustment Account
· Holiday pay	37	(101)	-	-	-	64	Accumulated Absences Account
· Capital expenditure	(62,918)	15,036	(3,123)	(24,608)	(17,651)	93,264	Capital Adjustment Account
<b>Capital and Revenue Financing</b>							
Resources set aside for capital financing	19,307	-	-	24,608	75,776	(119,691)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(2,396)	1,224	1,172	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	(588)	6,867	(147)	-	-	(6,132)	Deferred Capital Receipts
<b>Total adjustments</b>	<b>(501,634)</b>	<b>23,075</b>	<b>(2,098)</b>	<b>-</b>	<b>58,125</b>	<b>422,532</b>	

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

# Note 16 Unusable Reserves

Unusable Reserves			Adjustments between Accounting and Funding Basis			
	Opening Balance 1 April 2019	Other Comprehensive Income and Expenditure 2018/19	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	Closing Balance 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(450,758)	(67,299)	-	-	18,384	(499,673)
Financial Instruments Revaluation Reserve	1,383	-	(620)	-	-	763
Financial Instruments Adjustment Account	1,634	-	883	-	-	2,517
Pensions Reserve	701,679	(93,911)	17,022	-	-	624,790
Collection Fund Adjustment Account	(17,763)	-	(6,597)	-	-	(24,360)
Accumulated Absences Account	1,490	-	361	-	-	1,851
Capital Adjustment Account	(1,869,056)	-	139,013	(198,729)	(18,384)	(1,947,156)
Deferred Capital Receipts	(2,352)	-	-	(360)	-	(2,712)
<b>Total</b>	<b>(1,633,743)</b>	<b>(161,210)</b>	<b>150,062</b>	<b>(199,089)</b>	<b>-</b>	<b>(1,843,980)</b>

## Note 16 Unusable Reserves (continued)

Unusable Reserves	Adjustments between Accounting and Funding Basis					Closing Balance 31 March 2021
	Opening Balance 1 April 2020	Other Comprehensive Income and Expenditure 2020/21	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(499,673)	(5,456)	-	-	14,688	(490,441)
Financial Instruments Adjustment Account	2,517	-	-	-	-	2,517
Financial Instruments Revaluation	763	-	1,021	-	-	1,784
Pensions Reserve	624,790	70,502	9,651	-	-	704,943
Collection Fund Adjustment Account	(24,360)	-	444,355	-	-	419,995
Accumulated Absences Account	1,851	-	64	-	-	1,915
Capital Adjustment Account	(1,947,156)	-	186,853	(213,280)	(14,688)	(1,988,271)
Deferred Capital Receipts	(2,712)	-	-	(6,132)	-	(8,844)
<b>Total</b>	<b>(1,843,980)</b>	<b>65,046</b>	<b>641,944</b>	<b>(219,412)</b>	<b>-</b>	<b>(1,356,402)</b>

# 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	1 April 2019	Reclassification	Transfers Out	Transfers In	31 March 2020	Reclassification	Transfers Out	Transfers In	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults Services Reserve	(11,700)	(96)	-	(1,297)	(13,093)	-	147	-	(12,946)
Business Rate Equalisation Reserve	(48,948)	-	-	-	(48,948)	9,000	-	-	(39,948)
Business Rates net contribution to the pool, timing difference	(6,000)	-	-	-	(6,000)	-	-	-	(6,000)
Children's Services Reserve	(5,534)	(50)	1,959	(1,267)	(4,892)	-	2,149	(999)	(3,742)
Climate Change Reserve					-	(5,000)	180	-	(4,820)
Contract Risk Reserve	(11,713)	7,175	530	(12,117)	(16,125)	4,946	-	-	(11,179)
Covid 19 Reserve	-	-	-	(10,000)	(10,000)	(9,125)	9,125	(4,554)	(14,554)
Dedicated Schools Grant	(2,581)	-	1,048	(849)	(2,382)	-	-	(183)	(2,565)
Digitalisation/Smart City Reserve	(5,000)	-	-	-	(5,000)	(6,873)	-	-	(11,873)
Economic recession not covered by safety net	(7,000)	-	-	-	(7,000)	(7,000)	-	-	(14,000)
Economy and Enterprise Reserve	(1,893)	-	307	-	(1,586)	-	469	-	(1,117)
Housing Benefits Reserve	(1,000)	-	-	-	(1,000)	-	-	-	(1,000)
Infrastructure reserve	(23,674)	1	71	-	(23,602)	5,000	-	-	(18,602)
Insurance Reserve	(13,421)	-	712	-	(12,709)	-	4,494	(3,713)	(11,928)
Invest to Save Reserve	(23,788)	-	165	(4,500)	(28,123)	-	1,139	-	(26,984)
Learning and Skills Council Reserve	(2,295)	-	-	(54)	(2,349)	-	-	(169)	(2,518)

## Note 17 Transfer to/from Earmarked Reserves (continued)

Earmarked Reserves	1 April 2019	Reclassification	Transfers Out	Transfers In	31 March 2020	Reclassification	Transfers Out	Transfers In	31 March 2021
Modernisation Reserve	(8,000)	-	-	-	(8,000)	8,000	-	-	-
MRP Equalisation Reserve	(10,687)	(13,738)	-	-	(24,425)	(1,472)	-	(22,635)	(48,532)
My Westminster	-	(3,324)	878	-	(2,446)	-	664	(3,000)	(4,782)
Pension Deficit Equalisation Reserve	-	-	-	-	-	(9,000)	-	-	(9,000)
Property Reserve	(3,404)	-	-	-	(3,404)	(4,424)	-	-	(7,828)
Public Health Reserve	(6,275)	-	989	-	(5,286)	-	-	(464)	(5,750)
Recognising S31 grants in future years due to timing difference	(6,000)	-	-	-	(6,000)	-	-	-	(6,000)
Redundancy and Reorganisation	(2,701)	-	174	-	(2,527)	(2,601)	128	-	(5,000)
Revenue Receipts in Advance without conditions	(3,387)	1,185	1,014	-	(1,188)	1,189	(1)	-	-
Smoothing out business rates timing differences	(24,000)	-	-	-	(24,000)	7,000	-	-	(17,000)
Statues Reserves	(340)	(1)	16	(30)	(355)	(368)	17	-	(706)
Transformation Reserve	(16,830)	14,499	-	(3,307)	(5,638)	5,508	130	-	-
Temporary Accommodation Reserve	-	(10,782)	6,863	(5,511)	(9,430)	-	3,805	(5,654)	(11,279)
Other Council Reserves	(21,727)	5,131	3,061	(12,023)	(25,558)	5,220	1,546	(5,332)	(24,124)
<b>Total General Fund Reserves</b>	<b>(267,898)</b>	<b>-</b>	<b>17,787</b>	<b>(50,955)</b>	<b>(301,066)</b>	<b>-</b>	<b>23,992</b>	<b>(46,703)</b>	<b>(323,777)</b>
Business Rates Deficit Section 31*	-	-	-	-	-	-	-	(444,349)	(444,349)
HRA Earmarked Reserves	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	<b>(267,898)</b>	<b>-</b>	<b>17,787</b>	<b>(50,955)</b>	<b>(301,066)</b>	<b>-</b>	<b>23,992</b>	<b>(491,052)</b>	<b>(768,126)</b>

\*Business Rates Deficit Section S31 reserve includes; £370m S31 grant received (including income compensation paid by government for large loss in business rates income); £57m surplus received in 20/21 but relating to prior years; and £16m safety net payment to bring the council back to its baseline budget. The reserve will be used to mitigate business rates shortfalls in future years

## Note 17 Transfer to/from Earmarked Reserves (continued)

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.

The **Digitalisation Reserve** is in place to deliver enhanced digital services.

The **Transformation Reserve** is provided to finance the transformation of the Council's services as required to achieve leading edge service and financial provision

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 **Economy and Enterprise Reserve** supports the creation of innovative economic development projects to deliver growth and regeneration within Westminster.

The **Modernisation Reserve** is provided to support bringing the Council, where necessary, up to modern standards

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** are provided to support staffing cost implications of service transformation programmes.

The Council has a number of **Business Rates Reserves** for planned future spending based on presumed business rates income that is yet to materialise. The Council has agreed to create a Business Rates Equalisation Reserve (BRER) 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. It is proposed that the council place additional reserves into the BRER to counteract timing difference caused by the net contribution to the business rate pool, section 31 grant payments from central government and the impact of economic recession not covered by the SafetyNet payment. These reserves ensure that that if future business rates income falls short of the expected sums, the reserve can be drawn upon.

The **Housing Benefit Earmarked 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 Modernisation Reserve** is to enhance to Council's operational estate.

The **Receipts in Advance Reserve** relates to grant monies received in prior years, which do not have conditions but which is planned to be spent on its original purpose.

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

The **Children's Reserve's** support 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 **Corporate Risk Reserve** is to protect the Council against the risk of external factors such as economic shocks and other potential national issues or crises.

**Other Council Reserves** represent minor balances.

**Ring-Fenced Revenue Reserves** represent carried forward funding, including Schools balances from the Dedicated Schools Grant (DSG), grant funding of the Adult Education Service from the Learning Skills Council (LSC) to match expenditure in line with the academic year.



# 4.3.

## Notes Supporting the Balance Sheet

# Note 18a Capital Contractual Commitments

At 31 March 2021, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. The major commitments amounting to £1m or more are as follows and equivalent figures have been provided for 31 March 2021:

31 March 2020		31 March 2021
£'000		£'000
13,612	FM Conway Various Public Realm Schemes	30,299
70,000	Axis	16,660
70,000	United Living	60,000
16,954	Precision Lifts	14,532
8,000	Effectable	6,000
23,100	Oakray	19,800
13,650	GEM	11,700
2,558	Beachcroft House	-
15,502	West End Gate	10,502
1,977	Ashbridge, Ashmill & Cosway Street	34,381
18,910	Parsons North	5,429
3,457	Lisson Grove Refurbishment	-
8,835	Tollgate	-
-	Lisson Arches	18,494
-	Lanark Road	1,766
-	300 Harrow Road	2,465
<b>266,555</b>	<b>Total</b>	<b>232,028</b>

# 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. Sanderson Weatherall undertook valuations on behalf of the Council in 2020/21 for operational property and investment property. HRA stock was valued at 31 March 2021.

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	Infrastructure Assets	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Held at Historic Cost and at depreciated historic cost</b>	-	2,012	67,740	-	44,578	42,542	461,101	27,691	<b>645,664</b>
									-
<b>Different Valuations are applied to different asset classes.</b>									-
31st March 2021	1,562,036	95,450	529,382	467,386	-	-	-	-	<b>2,654,254</b>
31st March 2020	-	-	-	-	-	-	-	-	-
31st March 2019	-	-	-	-	-	-	-	-	-
31st March 2018	-	-	-	-	-	-	-	-	-
31st March 2017	-	-	-	-	-	-	-	-	-
31st March 2016	-	-	-	-	-	-	-	-	-
31st March 2015	-	-	-	-	-	-	-	-	-
<b>Total Cost or Valuation</b>	<b>1,562,036</b>	<b>97,462</b>	<b>597,122</b>	<b>467,386</b>	<b>44,578</b>	<b>42,542</b>	<b>461,101</b>	<b>27,691</b>	<b>3,299,918</b>

# 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 Institute 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 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 - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer;
- Infrastructure - straight-line allocation over 10 - 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.

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.

# Note 18c Property, Plant and Equipment – Movement of Balances in 2019/20

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	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	£'000
<b>Cost of Valuation</b>									
At 1 April 2019	1,468,136	124,467	498,868	76,685	530,659	23,134	143,079	2,865,028	6,687
Prior year adjustment*	-	-	-	(40,540)*	(142,185)*	-	-	(182,725)	-
<b>At 1 April 2019 Restated</b>	<b>1,468,136</b>	<b>124,467</b>	<b>498,868</b>	<b>36,145</b>	<b>388,474</b>	<b>23,134</b>	<b>143,079</b>	<b>2,682,303</b>	<b>6,687</b>
Additions	67,679	35	30,037	4,375	50,287	1,965	70,463	224,841	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	16,356	5,072	4,867	-	-	-	-	26,295	8,058
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,116)	(890)	(24,527)	-	-	-	-	(30,533)	-
Derecognition – disposals	(7,161)	(7,486)	(153)	-	-	-	(357)	(15,157)	-
Derecognition - other	-	(47)	(2,802)	-	(36,630)*	-	(832)	(40,311)	-
Other Movement in Cost or Valuation	9,450	(2,194)	50,774	-	2	2	(59,550)	(1,516)	-
<b>At 31 March 2020</b>	<b>1,549,344</b>	<b>118,957</b>	<b>557,064</b>	<b>40,520</b>	<b>402,133</b>	<b>25,101</b>	<b>152,803</b>	<b>2,845,922</b>	<b>14,745</b>

## Note 18c Property, Plant and Equipment – Movement of Balances in 2019/20 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	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	£'000
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2019	-	(1,765)	(1,173)	(68,582)	(284,317)	-	-	(355,837)	(4,508)
Prior year adjustment*	-	-	-	40,540*	142,185*	-	-	182,725	-
<b>At 1 April 2019 Restated</b>	<b>-</b>	<b>(1,765)</b>	<b>(1,173)</b>	<b>(28,042)</b>	<b>(142,132)</b>			<b>(173,112)</b>	<b>(4,508)</b>
Depreciation Charge	(17,266)	(2,688)	(23,219)	(2,842)	(31,392)	-	-	(77,407)	(630)
Depreciation written out to the Revaluation Reserve	17,266	2,834	19,172	-	-	-	-	39,272	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	4,393	-	-	-	-	4,393	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	343	106	-	-	-	-	449	-
Derecognition - other	-	-	-	-	36,630*	-	-	36,630	-
Derecognition - Disposals	-	1,275	720	(2)	-	-	(716)	1277	-
<b>At 31 March 2020</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>(30,886)</b>	<b>(136,894)</b>	<b>-</b>	<b>(716)</b>	<b>(168,498)</b>	<b>(5,138)</b>
<b>Net Book Value:</b>									
<b>At 31 March 2020</b>	<b>1,549,344</b>	<b>118,956</b>	<b>557,063</b>	<b>9,634</b>	<b>265,239</b>	<b>25,101</b>	<b>152,087</b>	<b>2,677,424</b>	<b>9,607</b>
<b>At 31 March 2019</b>	<b>1,468,136</b>	<b>122,702</b>	<b>497,695</b>	<b>8,103</b>	<b>246,342</b>	<b>23,134</b>	<b>143,079</b>	<b>2,509,191</b>	<b>2,179</b>

\*The Council has carried out a data cleanse exercise, leading to the write out of a number of infrastructure and vehicles, plant and equipment assets with £nil net book value, but with gross book value of £221m. This change does not affect the balance sheet. The Prior Period Adjustment (PPA) better reflects the timings of these assets ceasing to be used by the Council.

# Note 18c Property, Plant and Equipment – Movement of Balances in 2020/21

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	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	£'000
<b>Cost of Valuation</b>									
<b>At 1 April 2020</b>	<b>1,549,344</b>	<b>118,957</b>	<b>557,064</b>	<b>40,520</b>	<b>402,133</b>	<b>25,101</b>	<b>152,803</b>	<b>2,845,922</b>	<b>14,745</b>
Additions	64,754	79	25,899	1,372	60,503	2,283	83,620	<b>238,510</b>	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(45,531)	(1,298)	18,843	-	-	-	-	<b>(27,986)</b>	72
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,528)	(744)	(15,199)	-	-	-	-	<b>(31,471)</b>	-
Derecognition – Disposals	(3,536)	(8,661)	(5,393)	-	-	-	(7,902)	<b>(25,492)</b>	(8)
Derecognition – Other	-	-	-	-	(1,718)	-	-	<b>(1,718)</b>	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	-	(11,351)	<b>(11,351)</b>	-
Other movement in Cost or Valuation	12,533	(10,871)	15,908	650	183	307	(18,869)	<b>(159)</b>	-
<b>At 31 March 2021</b>	<b>1,562,036</b>	<b>97,462</b>	<b>597,122</b>	<b>42,542</b>	<b>461,101</b>	<b>27,691</b>	<b>198,301</b>	<b>2,986,255</b>	<b>14,809</b>

## Note 18c Property, Plant and Equipment – Movement of Balances in 2020/21 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	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	£'000
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2020</b>	-	(1)	(1)	(30,886)	(136,894)	-	(716)	(168,498)	(5,138)
Depreciation Charge	(17,364)	(2,774)	(23,129)	(3,718)	(30,202)	-	-	(77,187)	-
Depreciation written out to the Revaluation Reserve	17,364	2,370	13,708	-	-	-	-	33,442	-
Accumulated Impairment written out to the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Depreciation losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	118	2,734	-	-	-	-	2,852	-
Derecognition - Disposals	-	157	1,408	-	-	-	716	2,281	-
Derecognition - Other	-	-	-	-	1,718	-	-	1,718	-
Other Movements in Depreciation and Impairments	-	(26)	389	-	-	-	-	363	-
<b>At 31 March 2021</b>	-	(156)	(4,891)	(34,604)	(165,378)	-	-	(205,029)	(5,138)
<b>Net Book Value:</b>									
<b>At 31 March 2021</b>	1,562,036	97,306	592,231	7,938	295,723	27,691	198,301	2,781,226	9,671
<b>At 31 March 2020</b>	1,549,344	118,956	557,063	9,634	265,239	25,101	152,087	2,677,424	9,607

# Note 19 Heritage Assets

The Council's heritage assets fall into two categories:

- a) 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
- b) 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 (Note a)	Civic Regalia, Works of Art, Trophies and similar (Note b)	Total Assets
	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	39,920	4,658	<b>44,578</b>
Revaluations	-	-	-
<b>Balance at 31 March 2021</b>	<b>39,920</b>	<b>4,658</b>	<b>44,578</b>

These assets have historical, artistic or scientific importance and are held primarily for their contribution to art and culture. The valuation has been based upon an Insurance Valuation by Protector Insurance.

Where assets are donated for nil consideration they are recognised at valuation. All heritage assets were valued 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 deemed to have infinite lives and 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:

2019/20			2020/21			
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
8,462	26,144	<b>34,606</b>	Rental income from investment property	6,851	29,689	<b>36,540</b>
(1,784)	(4,408)	<b>(6,192)</b>	Direct operating expenses arising from investment property	(1,445)	(9,451)	<b>(10,896)</b>
<b>6,678</b>	<b>21,736</b>	<b>28,414</b>	<b>Net gain</b>	<b>5,406</b>	<b>20,238</b>	<b>25,644</b>

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.

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds.

## 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:

2019/20			2020/21		
HRA Commercial Properties	General Fund Investment Properties	Total	HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000	£'000	£'000	£'000
187,505	285,320	472,825	150,439	348,943	499,382
Balance at 1 April					
Additions:					
-	5,775	5,775	-	-	-
Purchases					
212	1,483	1,695	410	1,336	1,746
Subsequent expenditure					
(16)	(24)	(40)	(347)	-	(347)
Disposals					
669	18,219	18,888	(12,626)	(19,559)	(32,185)
Net gains/losses from fair value adjustments					
Transfers:					
(37,710)	37,710	-	-	-	-
Assets reclassified (to)/from HRA & GF					
(221)	460	239	(674)	(536)	(1,210)
Assets reclassified (to)/from Property, Plant and Equipment					
150,439	348,943	499,382	137,202	330,184	467,386
Balance at 31 March					

\*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 28 and 29 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

31 March 2020 Restated			31 March 2021	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
<b>Fair Value Through Profit and Loss – Financial Assets</b>				
29,874	-	Investments	26,384	-
<b>Financial assets at amortised cost</b>				
58,230	543,945	Investments	18,230	237,853
53,436	*53,690	Debtors	56,728	82,261
-	35,522	Cash and Cash Equivalents	-	80,402
<b>141,540</b>	<b>633,157</b>	<b>Total Financial Assets</b>	<b>101,342</b>	<b>400,516</b>
<b>Financial liabilities at amortised cost</b>				
(206,143)	(16,828)	Borrowing	(200,695)	(7,128)
(52)	** (112,725)	Creditors	(7,317)	(72,505)
(16,393)	(1,136)	Service concession and finance lease liabilities	(16,025)	(1,182)
<b>(222,588)</b>	<b>(130,689)</b>	<b>Total Financial Liabilities</b>	<b>(224,037)</b>	<b>(80,815)</b>

\*A prior period adjustment has taken place disclosing the debtors figures net of impairments and allowances (reducing the disclosed short term debtors by £44,272k).

\*\* A prior period adjustment for creditors is included to ensure the calculation was made on the same basis as 2020/21. This has resulted in a £29,740k reduction in last year's creditors.

## Note 21b Financial Instruments

### Income, Expense, Gains and Losses

2019/20			2020/21			
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
-	-	883	Net loss on financial assets at fair value through profit and loss	-	-	1,099
10,507	-	-	Interest Expense	9,289	-	-
<b>10,507</b>	<b>-</b>	<b>883</b>	<b>Total Expense in Surplus/Deficit on the Provision of Service</b>	<b>9,289</b>	<b>-</b>	<b>1,099</b>
-	(12,930)	-	Interest Income	-	(6,475)	-
<b>-</b>	<b>(12,930)</b>	<b>-</b>	<b>Total income in Surplus/Deficit on the Provision of Services</b>	<b>-</b>	<b>(6,475)</b>	<b>-</b>
<b>10,507</b>	<b>(12,930)</b>	<b>883</b>	<b>Net Gain/(Loss) for the Year</b>	<b>9,289</b>	<b>(6,475)</b>	<b>1,099</b>

During 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates for which the Council will not pay any interest until the loans are drawn down. These loans are summarised below:

Two forward borrowing deals with Phoenix Group:

- £37.5m: start date 15th March 2022, end date 15th March 2062 at 2.706%.
- £12.5m: start date 15th March 2023, end date 15th March 2063 at 2.751%.

A forward deal agreed with Barings Bank/Mass Mutual:

- £150m: start date 15th August 2022, end date 15th August 2052 at 1.970%.

A forward deal agreed with Rothesay Life:

- £200m: start date 8th May 2023, end date 8th May 2063 at 2.887%.

## 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 greater than the carrying value because this reflects the fact that the average rate of interest (4.2%) on the Council's borrowing is higher than current rates (0.79 – 2.19%) for new borrowing.

31 March 2020 Restated			31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
<b>Fair Value Through Profit and Loss</b>				
29,874	29,874	Investments	26,384	26,384
<b>Financial Assets Held at Amortised Cost</b>				
602,175	603,473	Investments	256,083	256,674
107,126	108,700	Debtors	138,989	141,496
35,522	35,522	Cash and Cash Equivalents	80,402	80,402
<b>774,697</b>	<b>777,569</b>	<b>Total Financial Assets</b>	<b>501,858</b>	<b>504,956</b>
<b>Financial liabilities at amortised cost</b>				
Borrowing*				
(152,004)	(174,113)	Public Works Loan Board	(136,909)	(164,967)
(70,967)	(95,899)	Lender Option Borrower Options	(70,914)	(102,246)
<b>(222,971)</b>	<b>(270,012)</b>		<b>(207,823)</b>	<b>(267,213)</b>
(112,777)	(112,777)	Creditors	(79,822)	(79,822)
(17,529)	(26,173)	Service concession and finance lease liabilities	(17,207)	(29,255)
<b>(353,277)</b>	<b>(408,962)</b>	<b>Total Financial Liabilities</b>	<b>(304,852)</b>	<b>(376,290)</b>

\*Prior period adjustment, see Note 21a.

# Note 22 Cash and Cash Equivalents

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

31 March 2020		31 March 2021	
£'000		£'000	
5,604	Cash held by the Authority	7,997	
(232)	Cash at bank	(5,396)	
30,150	Short-term liquid deposits	77,801	
<b>35,522</b>	<b>Total Cash and Cash Equivalents</b>	<b>80,402</b>	

## 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.

## Note 23 Nature and Extent of Risk (continued)

A summary of the credit quality of the Council's investments at 31 March 2021 is shown below:

31 March 2020 Restated			31 March 2021	
Fair Value through Profit & loss	Loans and receivables	Fitch Rating	Fair Value through Profit & loss	Amortised Cost
£'000	£'000		£'000	£'000
-	30,150	AAA	-	77,801
-	-	AA+	-	-
-	18,652	AA	-	5,001
-	381,423	AA-	-	175,815
-	156,370	A+	-	77,638
-	50,319	A	-	-
29,874	107,909	N/A	26,384	139,219
<b>29,874</b>	<b>744,823</b>	<b>Total</b>	<b>26,384</b>	<b>475,474</b>

The credit quality of debtors is reflected in the level of the impairment allowance for trade debtors shown in Note 27.

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 2020 Restated*		31 March 2021
£'000		£'000
45,075	Less than three months	73,625
2,727	Three to six months	1,648
1,335	Six months to one year	1,091
4,553	More than one year	5,897
53,690	Total	82,261

\*Prior period adjustment in debtors, refer to Note 21a for more detail.

## 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 2020					31 March 2021					
PWLB	LOBO*	Mortgage Annuity	Other	Total		PWLB	LOBO*	Mortgage Annuity	Other	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(15,959)	(824)	(45)	-	(16,828)	Less than one year	(6,264)	(816)	(48)	-	(7,128)
(5,400)	-	(48)	-	(5,448)	Between one and two years	-	-	(50)	-	(50)
(10,000)	(10,000)	(50)	-	(20,050)	Between two and five years	(17,000)	(10,000)	-	-	(27,000)
(32,700)	-	-	-	(32,700)	Maturing in five to ten years	(35,700)	-	-	-	(35,700)
(87,945)	(60,000)	-	-	(147,945)	Maturing in more than ten years	(77,945)	(60,000)	-	-	(137,945)
				<b>(222,971)</b>	<b>Total</b>					<b>(207,823)</b>

\*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. However, in the current low interest rate environment, it is 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

2019/20	GF	HRA		2020/21	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
746,454	471,633	274,821	Capital Financing Requirement at 1 April	830,186	536,351	293,835
<b>Capital investment</b>						
224,841	106,073	118,768	Property, Plant and Equipment	238,510	98,903	139,607
7,470	7,470	-	Investment Properties	1,746	1,746	-
698	698	-	Intangible Assets	1,893	1,893	-
35,107	35,107	-	Revenue Expenditure Funded from Capital under Statute	15,832	15,832	-
14,342	14,342	-	Long-term Investments	16,913	16,913	-
<b>Sources of finance</b>						
(51,756)	(21,251)	(30,505)	Capital Receipts	(60,796)	(9,214)	(51,582)
(109,637)	(63,719)	(45,918)	Government grants and other contributions	(108,569)	(45,152)	(63,417)
<b>Sums set aside from revenue</b>						
-	-	-	Direct Revenue Contributions	(733)	(733)	-
(23,331)	-	(23,331)	Major Repairs Allowance	(24,608)	-	(24,608)

## Note 24 Capital Expenditure and Capital Financing (continued)

2019/20	GF	HRA		2020/21	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
<b>Debt repayment</b>						
(13,021)	(13,021)	-	Minimum Revenue Provision	(18,213)	(18,213)	-
(981)	(981)	-	Minimum Revenue Provision PFI and Finance Lease	(361)	(361)	-
<b>830,186</b>	<b>536,351</b>	<b>293,835</b>	<b>Capital Financing Requirement at 31 March</b>	<b>891,800</b>	<b>597,965</b>	<b>293,835</b>
<b>Explanation of movements in year</b>						
97,734	78,721	19,013	Increase /(decrease) in underlying need for borrowing (unsupported by government financial assistance)	80,188	80,188	-
(13,021)	(13,021)	-	Statutory provision for repayment of debt (Minimum Revenue Provision)	(18,213)	(18,213)	-
(981)	(981)	-	Statutory provision for PFI and Finance Lease debt (Minimum Revenue Provision)	(361)	(361)	-
<b>83,732</b>	<b>64,719</b>	<b>19,013</b>	<b>Total</b>	<b>61,614</b>	<b>61,614</b>	<b>-</b>

# 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 2020		31 March 2021	
£'000		£'000	
110,125	Other Land and Buildings	103,811	
<b>110,125</b>	<b>Total</b>	<b>103,811</b>	

### 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 2020				31 March 2021		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
904	884	814	Not later than one year	904	883	834
3,617	3,523	2,737	Later than one year and not later than five years	3,617	3,516	2,737
40,597	30,024	7,117	Later than five years	39,693	29,148	7,096
<b>45,118</b>	<b>34,431</b>	<b>10,668</b>	<b>Total</b>	<b>44,214</b>	<b>33,547</b>	<b>10,667</b>

The minimum lease payments do not include rents that are contingent on 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 2020		31 March 2021	
£'000		£'000	
3,421	Contingent Rent due within 1 Year	3,388	

## 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 2020		31 March 2021	
£'000		£'000	
55,075	Not later than one year	51,755	
17,393	Later than one year and not later than five years	12,989	
502,710	Later than five years	525,223	
<b>575,178</b>	<b>Total</b>	<b>589,967</b>	

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

31 March 2020		31 March 2021	
£'000		£'000	
52,569	Minimum lease payments	57,421	
755	Contingent rents	648	
(29,001)	Sublease payments receivable	(27,956)	
<b>24,323</b>	<b>Total</b>	<b>30,113</b>	

## 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 2020		31 March 2021	
£'000		£'000	
29,567	Not later than one year	29,450	
119,653	Later than one year and not later than five years	107,299	
1,266,376	Later than five years	1,029,294	
<b>1,415,596</b>	<b>Total</b>	<b>1,166,043</b>	

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 2020/21. 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. At the end of the contract the building transfers to the Authority for no further payment.

## 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

2020/21 was the fifth year of a ten-year service concession contract with Sport and Leisure

## Note 26 Service Concessions (continued)

Management Ltd which commenced on 1 July 2016, to take over the operation and maintenance of the Council's eight leisure centres, including and 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 2021 (including an estimate of inflation) are as follows:

2020/21	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2021/22	20,549	348	34	20,931
Payable within 2 to 5 years	4,659	677	22	5,358
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	-	4,403	-	4,403
<b>Total</b>	<b>25,208</b>	<b>6,517</b>	<b>56</b>	<b>31,781</b>

## Note 26 Service Concessions (continued)

2019/20	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2020/21	22,632	322	48	23,002
Payable within 2 to 5 years	7,207	953	56	8,216
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	-	4,497	-	4,497
<b>Total</b>	<b>29,839</b>	<b>6,861</b>	<b>104</b>	<b>36,804</b>

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:

	31 March 2019/20	31 March 2020/21
	£'000	£'000
<b>Balance outstanding at start of the year</b>	<b>7,824</b>	<b>6,861</b>
Payments made during the year	(963)	(344)
<b>Balance outstanding at year end</b>	<b>6,861</b>	<b>6,517</b>

# Note 27 Debtors

31 March 2020				31 March 2021		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	37,232	37,232	Business Rates***	-	437,577	437,577
-	-	-	City of London: WCC Share of business rates pool	-	29,061	29,061
-	38,446	38,446	Sundry Debtors*	-	27,297	27,297
-	29,242	29,242	Parking Fines	-	24,975	24,975
-	13,856	13,856	Westminster Share of Council Tax	-	19,422	19,422
-	7,695	7,695	Property	-	15,660	15,660
-	7,296	7,296	Business Rates Supplement - GLA*	-	16,501	16,501
-	20,366	20,366	Adults Services	-	15,526	15,526
-	17,214	17,214	Housing Benefits Overpayments	-	15,276	15,276
-	8,274	8,274	VAT	-	14,573	14,573
-	232	232	Section 106*	-	11,103	11,103
-	-	-	Covid-19 Grant	-	12,582	12,582
-	3,253	3,253	HRA Rent & Lessee Service Charges	-	5,453	5,453
-	4,871	4,871	Housing - Temporary Accommodation	-	5,442	5,442
15,013	825	15,838	HRA Major Works	21,040	4,768	25,808
20,155	-	20,155	Local Government Association	20,154	-	20,154
9,147	-	9,147	Westminster Community Homes	8,222	6,757	14,979
7,951	-	7,951	Westminster Housing Investments Ltd	24,916	-	24,916
4,137	-	4,137	City Hall Rent**	6,398	-	6,398
13,500	-	13,500	Moberly Loan	6,650	-	6,650
720	-	720	Other Long-Term Debtors**	2,577	-	2,577
-	(90,832)	(90,832)	Less: Provision for irrecoverable debts (see below)	-	(101,104)	(101,104)
<b>70,623</b>	<b>97,970</b>	<b>168,593</b>	<b>Total</b>	<b>89,957</b>	<b>560,869</b>	<b>650,826</b>

## Note 27 Debtors (continued)

\*Disclosed in Sundry Debtors in 2019/20 Accounts

\*\*Disclosed in Other Long-Term Debtors in 2019/20 Accounts

\*\*\*This includes what GLA owe us to cover the large collection fund deficit

### Impairment allowance for doubtful debts

31 March 2020		31 March 2021	
£'000		£'000	
(14,928)	Business Rates	(26,820)	
(26,431)	Parking Fines	(22,608)	
(17,053)	Housing Benefits overpayments	(15,462)	
(8,012)	Council Tax	(10,219)	
(4,391)	Housing - Temporary Accommodation	(4,814)	
(3,230)	Property	(3,359)	
(3,185)	Adults Services	(3,052)	
(2,254)	HRA Major Works	(2,492)	
(1,438)	HRA Rent & Lessee Service Charges	(1,678)	
(9,910)	Other Provisions	(10,600)	
<b>(90,832)</b>	<b>Total</b>	<b>(101,104)</b>	

# Note 28 Creditors

31 March 2020				31 March 2021		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(66,242)	(66,242)	WCC share of Business Rate prepayments	-	(42,358)	(42,358)
-	(6,879)	(6,879)	WCC share of Council Tax prepayments	-	(5,725)	(5,725)
-	(3,736)	(3,736)	Amount owed by WCC to preceptors - Council tax	-	-	-
-	(135,971)	(135,971)	Amount owed by WCC to preceptors - Business rates*	-	(333,073)	(333,073)
-	-	-	Amounts owed by WCC to Government - Business and resident Covid grants	-	(75,443)	(75,443)
-	(4,047)	(4,047)	PAYE & NI	-	(3,476)	(3,476)
-	(10,578)	(10,578)	Major Works	-	(9,153)	(9,153)
-	(3,438)	(3,438)	HRA Rent Prepayments	-	(3,959)	(3,959)
-	(1,297)	(1,297)	HRA Service Charge Prepayments	-	(1,989)	(1,989)
-	(15,006)	(15,006)	Receipts in advance	-	(18,357)	(18,357)
-	(102,147)	(102,147)	Sundry Creditors	-	(63,353)	(63,353)
(52)	-	(52)	Long term Creditors	(7,317)	-	(7,317)
<b>(52)</b>	<b>(349,341)</b>	<b>(349,393)</b>	<b>Total</b>	<b>(7,317)</b>	<b>(556,886)</b>	<b>(564,203)</b>

\*We were given GLA and Central Government's (CG) share of the s31 grant to help the council with cashflow issues but the grant needs to be returned back to CG. The total s31 grant owed is £689m but reduced by various items including the collection fund deficit owed by CG.

# 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 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 2020/21.

	Balance at 1 April 2020	Transfers between long-term and short-term	Additional provisions made in 2020/21	Amounts used in 2020/21	Unused amounts reversed in 2020/21	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Short Term Provision</b>						
Compensation, Property and Contractual Claims	(210)	-	-	-	-	(210)
Other	(477)	-	(480)	136	60	(761)
<b>Total</b>	<b>(687)</b>	<b>-</b>	<b>(480)</b>	<b>136</b>	<b>60</b>	<b>(971)</b>
<b>Long Term Provision</b>						
Compensation, Property and Contractual Claims	(3,674)	-	(645)	183	2,522	(1,614)
Insurance Claims	(8,085)	-	(321)	3,407	-	(4,999)
Business Rates Appeals	(59,760)	-	(42,035)	-	-	(101,795)
Other	(780)	-	-	200	-	(580)
<b>Total</b>	<b>(72,299)</b>	<b>-</b>	<b>(43,001)</b>	<b>3,790</b>	<b>2,522</b>	<b>(108,988)</b>
<b>Grand Total</b>	<b>(72,986)</b>	<b>-</b>	<b>(43,481)</b>	<b>3,926</b>	<b>2,582</b>	<b>(109,959)</b>

## 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 as a result 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 includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with VOA which has been estimated based on experience and analysis of the appeals listing from the VOA. It is expected that the majority of appeals for the 2005 / 2010 list will be settled by the VOA towards the end of 2020. However, the Council cannot be certain as to when the lodged appeals will be resolved because the timing of resettlement depends on the VOA. Furthermore due to the pandemic we expect an increase in the required provisions as businesses will be inclined to appeal their current RV following the change in current market.

### **Other**

Other provisions include those relating to property search fees, the cost of staff redundancies scheduled as a consequence of moving back office processes to a managed service model, planning decisions and other potential liabilities.

Apart from the Business Rates Appeals provision, all other provisions are expected to be used within the next two years.

## Note 30 Other Long-Term Liabilities

2019/20		Note	2020/21
£'000			£'000
(10,668)	Lease Liabilities	Note 25	(10,668)
(6,861)	Service Concessions	Note 26	(6,517)
(624,787)	Pension Liability	Note 31	(704,941)
<b>(642,316)</b>	<b>Total</b>		<b>(722,126)</b>

# 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 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 Pensions.

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 2020/21, the Council paid £7.897m million (£7.824m in 2019/20) to the Teachers Pensions Agency in respect of teachers' retirement benefits. The expected contributions to the Teachers' Pension Scheme for 2021/22 are £7.897m million, unchanged from 2020/21.

## 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 2020/21, the Council paid £0.055m million (£0.055 m in 2019/20) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. The Council expects contributions to the NHS Pension scheme for 2021/22 to remain unchanged from 2020/21, at £0.055m million.

# 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
  - 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.
- 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

## 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

2019/20			2020/21			
Scheme Assets	Pensions Obligations	Net Pensions Liability	Programme area	Scheme Assets	Pensions Obligations	Net Pensions Liability
£000s	£000s	£000s		£000s	£000s	£000s
<b>979,787</b>	<b>(1,681,464)</b>	<b>(701,677)</b>	Opening Balance at 1 April	<b>924,717</b>	<b>(1,549,505)</b>	<b>(624,788)</b>
-	(39,949)	(39,949)	Current Service Cost	-	(39,395)	(39,395)
-	(9,442)	(9,442)	Past Service Cost and gains/losses on curtailments	-	(125)	(125)
23,589	(39,858)	(16,269)	Interest Income and Expense	22,025	(36,136)	(14,111)
(820)	-	(820)	Administration Expenses	(992)	-	(992)
(47,404)	47,404	-	Retirement Grants and Pensions	(51,012)	51,012	-
(1,378)	-	(1,378)	Settlement Prices received/(paid)	11,341	-	11,341
-	1,634	1,634	Liabilities assumed/(extinguished) on settlements	-	(7,603)	(7,603)
<b>(26,013)</b>	<b>(40,211)</b>	<b>(66,224)</b>	<b>Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(18,638)</b>	<b>(32,247)</b>	<b>(50,885)</b>
<b>Contributions</b>						
49,202	-	49,202	• The Council	41,234	-	41,234
8,329	(8,329)	-	• Employees	8,841	(8,841)	-
<b>57,531</b>	<b>(8,329)</b>	<b>49,202</b>	<b>Employers contributions payable to scheme</b>	<b>50,075</b>	<b>(8,841)</b>	<b>41,234</b>
<b>Remeasurements</b>						
(86,855)	-	(86,855)	• Return on Plan Assets	281,362	-	281,362
267	-	267	• Other Actuarial Gains and Losses	-	-	-
-	54,633	54,633	• Actuarial Gains and Losses arising from changes in demographic assumptions	-	25,484	25,484
-	149,152	149,152	• Actuarial Gains and Losses from changes in financial assumptions	-	(397,404)	(397,404)
-	(23,680)	(23,680)	• Experience loss /(gain) on defined benefit obligation	-	21,583	21,583
-	394	394	Changes in the effect of the Asset Ceiling	-	(1,527)	(1,527)
<b>(86,588)</b>	<b>180,499</b>	<b>93,911</b>	<b>Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement</b>	<b>281,362</b>	<b>(351,864)</b>	<b>(70,502)</b>
<b>924,717</b>	<b>(1,549,505)</b>	<b>(624,788)</b>	<b>Closing Balance at 31 March</b>	<b>1,237,516</b>	<b>(1,942,457)</b>	<b>(704,941)</b>

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

**LOCAL GOVERNMENT PENSION  
SCHEME ASSETS COMPRISED**

WCC Pension Scheme 31 March 2020			WCC Pension Scheme 31 March 2021	
£'000	%		£'000	%
148,608	16.4%	Corporate Bonds - Overseas	166,551	13.7%
585,372	64.6%	Equities - Overseas	859,498	70.7%
89,709	9.9%	Property	48,628	4.0%
14,498	1.6%	Infrastructure	30,392	2.5%
54,369	6.0%	Multi Asset Credit	66,863	5.5%
13,592	1.5%	Cash/Temporary Investments	43,765	3.6%
<b>906,148</b>	<b>100%</b>	<b>Total</b>	<b>1,215,697</b>	<b>100%</b>

LPFA Pension Scheme 31 March 2020			LPFA Pension Scheme 31 March 2021	
£'000	%		£'000	%
10,056	54%	Equities	11,855	54%
4,526	24%	Target Return Portfolio	5,135	24%
1,303	7%	Infrastructure	1,849	8%
1,696	9%	Property	1,985	9%
986	5%	Cash	994	5%
<b>18,567</b>	<b>100%</b>	<b>Total</b>	<b>21,818</b>	<b>100%</b>

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

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 31 March 2020	LPFA Pension Scheme 31 March 2020		WCC Pension Scheme 31 March 2021	LPFA Pension Scheme 31 March 2021
		Mortality assumptions:		
		Longevity at 65 for current Pensioners (years):		
21.8	21.0	Men	21.6	20.9
24.4	24.2	Women	24.1	24.2
		Longevity at 65 for future Pensioners (years):		
23.2	22.4	Men	22.9	22.5
25.8	25.7	Women	25.3	25.6
2.7%	2.9%	Rate of Inflation (RPI)	3.2%	3.4%
1.9%	1.9%	Rate of Inflation (CPI)	2.8%	2.9%
2.9%	2.9%	Rate of Increase in salaries	3.9%	3.9%
1.9%	1.9%	Rate of increase in pensions	2.9%	2.9%
2.4%	2.4%	Rate for discounting scheme liabilities	1.9%	1.9%

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

	WCC Pension Scheme	WCC Pension Scheme
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	(89,433)	85,225
Rate of inflation (increase or decrease by 0.1%)	(34,289)	33,652
Rate of increase in salaries (increase or decrease by 0.1%)	(2,547)	2,527
Rate of increase in pensions (increase or decrease by 0.1%)	(34,289)	33,652
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	36,425	(37,165)

## 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 has agreed a strategy with the scheme's actuary, Barnett Waddingham, to achieve a funding level of 100% over the next 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed for 31 March 2022.

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 anticipated paying £40.91m (main scheme) employer contributions in 2020/21 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 20 years, 2020/21 (20 years 2019/20).

The weighted average duration of the defined benefit obligation for the LPFA scheme members is 12 years, 2020/21 (12 years 2019/20).

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:

2019/20		2020/21
£'000		£'000
(11,302)	Interest received	(7,866)
8,502	Interest paid	9,392
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>		
(77,516)	Depreciation and Amortisation	(77,516)
(26,517)	Impairment and downward valuations	(28,620)
16,087	Increase/(decrease) in creditors	(39,278)
(29,609)	Increase/(decrease) in debtors	56,579
15	Increase/(decrease) in inventories	14
(17,022)	Movement in pension liability	(9,651)
(18,426)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(32,702)
90,229	Other non-cash items charged to the net surplus or deficit on the provision of services	(70,158)
<b>(62,759)</b>	<b>Sub-total of non-cash movements</b>	<b>(201,332)</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>		
115,460	Capital Grants credited to surplus or deficit on the provision of services	50,593
23,420	Proceeds from the sale of property plant and equipment, investment property and intangible assets	71,466
<b>138,880</b>	<b>Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>122,059</b>
<b>76,121</b>	<b>Total</b>	<b>(79,273)</b>

## Note 33 Cash Flows from Investing Activities

2019/20		2020/21
£'000		£'000
240,046	Purchase of property, plant and equipment, investment property and intangible assets	243,659
1,336,050	Purchase of short and long-term investments	947,656
(23,420)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(65,334)
(1,402,030)	Proceeds from short and long-term investments	(1,291,052)
(113,821)	Capital Grants Received	(68,716)
<b>36,825</b>	<b>Total Cash Flows from Investing Activities</b>	<b>(233,787)</b>

## Note 34 Cash Flows from Financing Activities

2019/20		2020/21
£'000		£'000
20	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	21
3,004	Repayments of short- and long-term borrowing	15,044
(44,503)	Net Council Tax & NNDR due from Preceptors*	240,955
<b>(41,479)</b>	<b>Net cash flows from financing activities</b>	<b>256,020</b>

\*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 2020/21:

Councillor Angela Harvey is Trustee to the Edward Harvist Trust, which passes income to the Council for distribution to Westminster's charitable organisations.

Councillors Glanz, Mitchell, Caplan, Robathan and Butler-Thalassis are trustees of the City of Westminster Charitable trust. The trust receives funds collected via a voluntary community contribution from the Council and distributes this via grant funding to community groups working in Westminster.

Councillor Nafsika Butler-Thalassis is also a trustee of One Westminster – The charity has various contracts with the Council aimed at delivering voluntary sector and volunteering support, The Council spent £351,007 with One Westminster in 2020/21.

Councillor Mitchell is also a trustee of London Disability Network London (LDN), formerly the Westminster Society. The charity receives funds from the council to provide support to learning disabled Londoners. The Council spent £6,378,942 with LDN in 2020/21.

Lady Christabel Flight served as a trustee of the Sir Simon Milton Foundation the year. The Foundation staff are co-located with the Council and have benefited from the use of Council support services (IT and use of desk space). During 2020/21 the value of in-kind services provided was £4,970 (2019/20:

£16,212), while the chargeable cost of services provided was £4,970 (2019/20: £16,212).

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 2020					
Name	Loan	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes	9,147	22,297	(3,263)	104	-
WestCo Trading Ltd	-	2,734	(470)	170	273
Paddington Recreation Ground Trust	-	1,787	(854)	-	-
Westminster Housing Investment Ltd	10,342	-	(98)	98	-

31 March 2021					
Name	Loan	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes	8,222	4,663	(4,333)	6,667	125
WestCo Trading Ltd	-	1,940	(872)	143	384
Paddington Recreation Ground Trust	-	1,560	(502)	-	-
Westminster Housing Investment Ltd	20,750	4,256	(442)	342	-

The Council also has a controlling interest in Westminster Housing Development Ltd and Westminster Procurement Services but there are no transactions to report in these entities.

## Note 35 Related Party Transactions (continued)

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

**Westminster Community Homes** –Dermot Moloney, Thomas Harding, James Green, Cllr Susie Burbridge.

**Westco trading Limited** – Dai Williams, Cllr Tony Devenish

**Westminster Housing Investment Ltd** - Barbara Brownlee, James Green, Stephen Muldoon, Cllr Jacqueline Wilkinson

**Westminster Housing Development Ltd** - Barbara Brownlee, James Green, Stephen Muldoon, Cllr Jacqueline Wilkinson

**Westminster Procurement Services** - Dai Williams

The Council has the following associate:

### Hub Make Lab CIC

#### a) Nature of the business

The company, which trades as Hub Westminster, is an innovative business start-up and small business centre located in a single open-plan office floor space, providing low cost affordable hot-desking and other space in the heart of London's West End for start-up businesses, particularly in the social enterprise sector, with a particular focus on social and environmental sustainability.

#### b) Relationship with the Council

The company is a community interest company with a nominal share capital of £0.940m of which 40.0% is owned by the Council.

Loans outstanding at 31 March 2021 and due to the Council are £0.091m (£0.091m at 31 March 2020).

#### c) Financial performance

The Company ceased trading at its current location in February 2018 and there are no material transactions for the financial year. The company dissolved in June 2021.

#### d) Council Officers/Members on the Board

The following Council representatives are/were directors of the Company during 2020/21: Greg Ward.

## Note 36 Contingent Liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

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.	For PWLB loans payable, PWLB new loan rate For non-PWLB loans payable, prevailing market rates For loans receivable, prevailing market rates No early repayment is recognised 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	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 2020) published by The Royal Institution of Chartered Surveyors (RICS) (“The Red Book”). This report also takes account of the requirements of the CIPFA Code of Practice on Local Authority Accounting.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	All variables listed are observable inputs and susceptible to market change.  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.  In contrast, the total Fair Value of the portfolio has a much higher level of sensitivity to significant change in 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 -15.06% to +21.67%. ERV change of +/- 10% results in a variance in the total Fair Value for the portfolio from -8.02% to +8.12%.
Investment in closed pooled property fund	Level 3	Council's share of the Net Asset Value of the fund	Hermes property fund valuation based on the NAV of unaudited accounts	Material economic events occurring between 31 December 2020 and 31 March 2021.

## NOTE 38B VALUATION OF ASSETS AND LIABILITIES MEASURED 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 unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

## Note 38 Fair Value (continued)

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

31 March 2020 Restated*			31 March 2021		
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
<b>Financial Assets</b>					
-	-	29,874	-	-	26,384
35,522	712,173	-	80,402	398,170	-
-	499,381	-	-	467,386	-
-	-	-	2,202	-	-
<b>35,522</b>	<b>1,211,554</b>	<b>29,874</b>	<b>82,604</b>	<b>865,556</b>	<b>26,384</b>
<b>Liabilities at Amortised Cost*</b>					
-	174,113	-	-	164,967	-
-	95,899	-	-	102,246	-
-	112,777	-	-	79,822	-
-	26,173	-	-	29,255	-
-	<b>408,962</b>	-	-	<b>376,290</b>	-

\*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.

There has been a prior period adjustment to be consistent with Note 21a.

## 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

2019/20 Restated*	1 April 2019	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	24,366	-	-	6,391	-	(883)	-	29,874

2020/21	1 April 2020	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	29,874	-	-	-	(2,391)	(1,099)	-	26,384

## Note 39 Events After the Reporting Period

The Director of Finance and Resources authorised the Statement of Accounts on 23<sup>rd</sup> June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



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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 that have different corporate 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 2020/21, the company's results showed a profit of £0.701m (£2.390m deficit in 2019/20), and net assets of £10.021m (£9.320m at 31 March 2020). Loans outstanding from the Council to the company total £8.222m (£9.147m at 31 March 2020).

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 Builds**

Westminster Builds includes Westminster Housing Developments Limited, and Luton Street LLP, which provides cost effective housing in Westminster and the rest of London. The company made a profit of £3.943m (£0.216m in 2019/20), the group has net liabilities of £4.159m (£0.216m in 2019/20).

## 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 £0.190m in 2020/21 (£0.048m in 2019/20) and had net assets of £0.807m (£0.997m at 31 March 2020).
- Hub Make Lab CIC, which trades as Hub Westminster, provides low cost office space in the heart of London's West End for start-up businesses. The Company ceased trading at its current location in February 2018 and there are no material transactions for the financial year. The company dissolved in June 2021. In 2020/21, the company reported a loss of £0.002m. (£0.003m loss in 2019/20), and net liabilities of £0.336m (net liabilities of £0.329m at 31 March 2020).
- 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 surplus of £1.058m in 2020/21 (0.933m in 2019/20).

## Risks

Significant risks regarding the Group's ability to continue a a going concern are the following:

- All consolidated entities have a neutral or net worth position at 31 March 2021, apart from Hub Make Lab CIC which is currently in the process of being wound up. This is a joint venture company and the Council's share of its net losses (£0.15m at 31 March 2021 and 31.032020) are reflected in the Group Balance Sheet.
- Ongoing pension liabilities in respect of City West Homes Limited now form part of the Council's single entity defined pension scheme future obligations, calculated in accordance with IAS 19.
- Under an Act of Parliament and Trust Deed dating back to 1893, the Council is responsible for maintaining and managing Paddington Recreation Ground in perpetuity. Allowance for these responsibilities is included in the Council revenue and capital budget each year.
- 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.

# 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.

2019/20 Restated*				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
112,615	(63,281)	49,334	Finance & Resources	104,924	(41,158)	63,766
7,718	(10,402)	(2,684)	Innovation and Change	10,698	(5,190)	5,508
151,862	(93,661)	58,201	Adults' Services	157,449	(88,221)	69,228
162,551	(115,551)	47,000	Children's Services	183,630	(125,820)	57,810
192,637	(140,096)	52,541	Environment and City Management	176,671	(99,522)	77,149
443,312	(374,671)	68,641	Growth, Planning & Housing	410,693	(377,813)	32,879
<b>1,070,695</b>	<b>(797,662)</b>	<b>273,033</b>	<b>Cost of Services – Continuing Operations</b>	<b>1,044,065</b>	<b>(737,724)</b>	<b>306,341</b>

## Group Comprehensive Income and Expenditure Statement (continued)

2019/20 Restated*						2020/21
Gross	Gross	Net		Gross	Gross	Net
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
1,814	0	1,814	Other operating expenditure	-	(33,457)	(33,457)
511	(32,874)	(32,363)	Financing and investment income and expenditure	25,078	(110)	24,968
-	(315,520)	(315,520)	Taxation and non-specific grant Income	-	(289,280)	(289,280)
<b>1,073,020</b>	<b>(1,146,056)</b>	<b>(73,036)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,100,143</b>	<b>(1,091,571)</b>	<b>8,572</b>
17	-	17	Tax expenses of subsidiary	-	-	-
213	-	213	Share of (surplus)/Deficit on Joint Venture	449	-	449
<b>1,073,250</b>	<b>(1,146,056)</b>	<b>(72,806)</b>	<b>Group (Surplus)/Deficit</b>	<b>1,100,592</b>	<b>(1,091,571)</b>	<b>9,021</b>
-	(68,748)	(68,748)	Revaluation of Property, Plant and Equipment	(6,250)	-	(6,250)
-	(93,911)	(93,911)	Remeasurement of the net defined benefit liability	70,502	-	70,502
-	<b>(162,659)</b>	<b>(162,659)</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>64,252</b>	-	<b>64,252</b>
1,073,250	(1,308,715)	(235,465)	<b>Total Comprehensive Income and Expenditure</b>	1,168,844	(1,091,571)	73,273

\*For further detail, please refer to Note 3 – Prior Period Adjustment

## GROUP MOVEMENT IN RESERVES STATEMENT

2019/20 Restated*	Revenue Reserves							Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	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					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2019 Restated</b>	(62,783)	(267,897)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,427)	(823,249)	(1,573,659)	(2,396,908)	(97,689)	(2,494,598)
<b>Movement in reserves during 2019/20</b>														
(Surplus) or deficit on provision of services (accounting basis)	(44,546)	-	-	(44,546)	(12,539)	-	(12,539)	-	-	(57,085)	-	(57,085)	1,431	(55,654)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(162,659)	(162,659)	-	(162,659)
<b>Total Comprehensive Income and Expenditure</b>	<b>(44,546)</b>	<b>-</b>	<b>-</b>	<b>(44,546)</b>	<b>(12,539)</b>	<b>-</b>	<b>(12,539)</b>	<b>-</b>	<b>-</b>	<b>(57,085)</b>	<b>(162,659)</b>	<b>(219,744)</b>	<b>1,431</b>	<b>(218,313)</b>

## Group Movement in Reserves Statement (continued)

2019/20 Restated*	Revenue Reserves							Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	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
Adjustments between group accounts and authority accounts	-	-	-	-	-	-	-	-	-	-	-	-	(17,153)	(17,153)
<b>Net increase before transfers</b>	(44,546)	-	-	(44,546)	(12,539)	-	(12,539)	-	-	(57,085)	(162,659)	(219,744)	(15,722)	(235,466)
Adjustments between accounting basis & funding basis under regulations	11,517	-	-	11,517	12,408	-	12,408	31,637	(6,535)	49,027	(49,028)	(1)	-	(1)
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	(33,029)	-	-	(33,029)	(131)	-	(131)	31,637	(6,534)	(8,057)	(211,687)	(219,744)	(15,722)	(235,466)
Transfers to / (from) Earmarked Reserves	32,499	(33,168)	669	-	-	-	-	-	-	-	-	-	-	-
<b>Increase / Decrease in Year</b>	(530)	(33,168)	669	(33,029)	(131)	-	(131)	31,637	(6,534)	(8,057)	(211,687)	(219,744)	(15,722)	(235,466)
<b>Balance at 31 March 2020</b>	<b>(63,313)</b>	<b>(301,065)</b>	<b>(1,748)</b>	<b>(366,126)</b>	<b>(17,365)</b>	<b>-</b>	<b>(17,365)</b>	<b>(95,854)</b>	<b>(351,961)</b>	<b>(831,306)</b>	<b>(1,785,346)</b>	<b>(2,616,652)</b>	<b>(113,411)</b>	<b>(2,730,063)</b>

\*For further detail, please refer to Note 3 – Prior Period Adjustment

## Group Movement in Reserves Statement (continued)

2020/21				Revenue Reserves			Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	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	
<b>Balance at 31 March 2020</b>	(63,313)	(301,065)	(1,748)	(366,126)	(17,365)	-	(17,365)	(95,854)	(351,961)	(831,306)	(1,785,346)	(2,616,652)	(113,411)	(2,730,063)
<b>Movement in reserves during 2020/21</b>														
(Surplus) or deficit on provision of services (accounting basis)	35,446	-	-	35,446	(23,286)	-	(23,286)	-	-	12,160	-	12,160	(5,063)	7,097
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	64,252	64,252	-	64,252
<b>Total Comprehensive Income and Expenditure</b>	<b>35,446</b>	<b>-</b>	<b>-</b>	<b>35,446</b>	<b>(23,286)</b>	<b>-</b>	<b>(23,286)</b>	<b>-</b>	<b>-</b>	<b>12,160</b>	<b>64,252</b>	<b>76,412</b>	<b>(5,063)</b>	<b>71,349</b>

\* The unusable reserves include the revaluation reserve for dwellings held by Westminster Community Homes Ltd. Other Comprehensive Income and Expenditure includes the adjustment for the re-valuation to Existing Use Value - Social Housing on consolidation into the Council's Group Accounts

## Group Movement in Reserves Statement (continued)

2020/21				Revenue Reserves			Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	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
Adjustments between group accounts and authority accounts	-	-	-	-	-	-	-	-	-	-	-	-	1,923	1,923
<b>Net increase before transfers</b>	<b>35,446</b>	<b>-</b>	<b>-</b>	<b>35,446</b>	<b>(23,286)</b>	<b>-</b>	<b>(23,286)</b>	<b>-</b>	<b>-</b>	<b>12,160</b>	<b>64,252</b>	<b>76,412</b>	<b>(3,141)</b>	<b>73,272</b>
Adjustments between accounting basis & funding basis under regulations	(501,634)	-	-	(501,634)	23,077	-	23,077	(2,099)	58,123	(422,533)	422,533	-	-	-
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>(466,188)</b>	<b>-</b>	<b>-</b>	<b>(466,188)</b>	<b>(209)</b>	<b>-</b>	<b>(209)</b>	<b>(2,099)</b>	<b>58,123</b>	<b>(410,373)</b>	<b>486,785</b>	<b>76,412</b>	<b>(3,141)</b>	<b>73,272</b>
Transfers to / from Earmarked Reserves	470,068	(467,060)	(1,199)	1,808	(1,808)	-	(1,808)	-	-	-	-	-	-	-
<b>Increase / Decrease in Year</b>	<b>3,880</b>	<b>(467,060)</b>	<b>(1,199)</b>	<b>(464,380)</b>	<b>(2,017)</b>	<b>-</b>	<b>(2,017)</b>	<b>(2,099)</b>	<b>58,123</b>	<b>(410,372)</b>	<b>486,785</b>	<b>76,413</b>	<b>(3,141)</b>	<b>73,272</b>
<b>Balance at 31 March 2021</b>	<b>(59,433)</b>	<b>(768,125)</b>	<b>(2,947)</b>	<b>(830,506)</b>	<b>(19,382)</b>	<b>-</b>	<b>(19,382)</b>	<b>(97,953)</b>	<b>(293,838)</b>	<b>(1,241,678)</b>	<b>(1,298,561)</b>	<b>(2,540,239)</b>	<b>(116,552)</b>	<b>(2,656,791)</b>

## GROUP BALANCE SHEET

31 March 2020 Restated*		31 March 2021
£'000		£'000
<b>ASSETS</b>		
<b>Non-current</b>		
2,746,503	Property, plant and equipment	2,854,797
44,578	Heritage Assets	44,578
499,382	Investment property	467,386
1,318	Intangible Assets	2,861
85,633	Long -term investments	44,575
64,752	Long -term debtors	84,191
<b>3,442,166</b>	<b>Total Long Term Assets</b>	<b>3,498,388</b>
<b>Current</b>		
543,947	Short-term investments	237,998
261	Inventories	485
97,502	Short-term debtors	562,441
43,761	Cash and other cash equivalents	88,366
-	Assets held for sale	2,202
<b>685,471</b>	<b>Current Assets</b>	<b>891,492</b>

## Group Balance Sheet (continued)

31 March 2020 Restated*	31 March 2021	
£'000	£'000	
<b>LIABILITIES</b>		
(16,828)	Short-term borrowing	(7,128)
(351,268)	Short-term creditors	(559,760)
(687)	Short-term provisions	(1,105)
(23,226)	Short-term RIA	(15,112)
<b>(392,009)</b>	<b>Current Liabilities</b>	<b>(583,105)</b>
(52)	Long-term creditors	(7,317)
(72,299)	Provisions	(108,988)
(206,144)	Long-term borrowing	(200,697)
(642,316)	Other long-term liabilities - Pensions	(722,126)
(84,541)	Capital Grants - Receipts in Advance	(110,195)
<b>(1,005,352)</b>	<b>Long-term liabilities</b>	<b>(1,149,323)</b>
(213)	Council's share Net Liabilities of Joint Venture	(661)
<b>2,730,063</b>	<b>Net assets</b>	<b>2,656,792</b>
(831,306)	Total Usable Reserves	(1,241,678)
(1,785,346)	Total Unusable Reserves	(1,298,560)
(113,411)	Share of Subsidiary reserves	(116,554)
<b>(2,730,063)</b>	<b>Total Reserves</b>	<b>(2,656,792)</b>

\*For further detail, please refer to Note 3 – Prior Period Adjustment

## GROUP CASH FLOW STATEMENT

2019/20 Restated*	Group Cash Flow Statement	2020/21
£'000		£'000
	<i>Cash flows from operating activities</i>	
(57,085)	<b>Operating loss/surplus for the financial year</b>	<b>12,160</b>
(11,302)	Interest received	(7,866)
8,502	Interest paid	9,392
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
(77,516)	Depreciation	(77,516)
(26,517)	Impairment and downward valuations	(28,620)
16,087	Increase/(decrease) in creditors	(39,278)
(29,609)	(Increase)/decrease in debtors	56,579
15	(Increase)/decrease in inventories	14
(17,022)	Movement in pension liability	(9,651)
(18,426)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(32,702)
90,229	Other non-cash items charged to the net surplus or deficit on the provision of services	(70,158)
<b>(62,759)</b>	<b>Sub-total of non-cash movements</b>	<b>(201,332)</b>
0	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	
23,420	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	71,466
115,460	Any other items for which the cash effects are investing or financing cash flows	50,593
138,880	<b>Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	122,059
(1,923)	Subsidiary's Cash Flows from Operating Activities by Group Entities	(4,124)
<b>17,113</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(71,237)</b>

## GROUP CASH FLOW STATEMENT (Continued)

2019/20 Restated*	Group Cash Flow Statement	2020/21
£'000		£'000
	<i>Investing activities</i>	
240,046	Purchase of property, plant and equipment, investment property and intangible assets	243,659
1,336,050	Purchase of short-term and long-term investments	947,656
(23,420)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(65,334)
(1,402,030)	Proceeds from short-term and long-term investments	(1,291,052)
(113,821)	Other receipts from investing activities	(68,716)
<b>36,825</b>	<b>Authority's Cash Flows from Investing Activities</b>	<b>(233,787)</b>
14,194	Subsidiary's Cash Flows from Investing Activities	5,616
<b>51,019</b>	<b>Net cash flows from investing activities</b>	<b>(228,171)</b>
	<i>Cash receipts of short- and long-term borrowing</i>	
20	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	21
3,004	Repayments of short- and long-term borrowing	15,044
(44,503)	Other payments for financing activities	240,955
(41,479)	<b>Authority's Cash Flows from Financing Activities</b>	256,020
(16,906)	Subsidiary's Cash Flows from Investing Financing	(1,217)
<b>(58,385)</b>	<b>Net cash flows from financing activities</b>	<b>254,803</b>
<b>9,747</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(44,605)</b>
53,509	Cash and cash equivalents at the beginning of the reporting period	43,761
<b>43,761</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>88,366</b>

\*For further detail, please refer to Note 3 – Prior Period Adjustment

# 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 2020/21, 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 Group have been consolidated because together they are material to the Council's balance sheet. In addition, the Council has consolidated the following remaining entities within the Council Group in order to provide a full picture of the Council's arrangements for good governance:

- WestCo Trading Ltd
- Westminster Procurement Services Ltd/CIC
- Hub Make Lab Ltd
- Paddington Recreation Ground Charity

The results of entities, which the Council controls, have been consolidated on a line by line basis as subsidiaries.

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.

Grants held by Westminster Community Homes Ltd are held on an amortised basis, as prescribed in the Housing Associations 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.

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value</b>							
At 1 April 2019	1,527,384	633,229	76,758	530,659	23,135	143,079	2,934,244
Prior year adjustment*			(40,540)*	(142,185)*			(182,725)
At 1 April 2019 Restated	1,527,384	633,229	36,218	388,474	23,135	143,079	2,751,519
Additions	84,623	30,072	4,375	50,287	1,965	78,306	249,628
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(5,405)	9,939	-	-	-	-	4,534
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(5,116)	(25,417)	-	-	-	-	(30,533)
Derecognition - disposals	(9,909)	(7,639)	-	-	-	(357)	(17,905)
Derecognition - other	(386)	(2,849)	-	(36,630)*	-	(832)	(40,697)
Assets reclassified	7,691	(9,895)	(63)	-	-	2,267	-
Other Movement in Cost or Valuation	9,423	48,580	-	2	2	(59,550)	(1,543)
<b>At 31 March 2020</b>	<b>1,608,305</b>	<b>676,020</b>	<b>40,530</b>	<b>402,133</b>	<b>25,102</b>	<b>162,913</b>	<b>2,915,003</b>

## Note 2 Group Property Plant and Equipment (continued)

2019/20 Restated*	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated depreciation and impairment</b>							
At 1 April 2019	(6,131)	(10,431)	(68,679)	(284,316)	-	-	(369,557)
Prior year adjustment*		0	40,540*	142,185*	-	-	182,725
At 1 April 2019 Restated	(6,131)	(10,431)	(28,139)	(142,131)	-	-	(186,832)
Depreciation Charge	(17,829)	(25,907)	(2,843)	(31,393)	-	-	(77,972)
Depreciation written out to the Revaluation Reserve	31,500	22,006	-	-	-	-	53,506
Accumulated Impairment written out to the Revaluation Reserve	-	4,393	-	-	-	-	4,393
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	449	-	-	-	-	449
Derecognition - disposals	24	1,995	-	-	-	(716)	1,303
Derecognition - other	22	0	-	36,630*	-	-	36,652
Other Movements in Depreciation and Impairments	(7,586)	7,493	93	-	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>(2)</b>	<b>(30,888)</b>	<b>(136,894)</b>	<b>-</b>	<b>(716)</b>	<b>(168,500)</b>
<b>Net book value:</b>							
<b>At 31 March 2020 Restated*</b>	<b>1,608,305</b>	<b>676,018</b>	<b>9,642</b>	<b>265,239</b>	<b>25,102</b>	<b>162,197</b>	<b>2,746,503</b>
<b>At 31 March 2019</b>	<b>1,521,253</b>	<b>622,798</b>	<b>8,079</b>	<b>246,343</b>	<b>23,135</b>	<b>143,079</b>	<b>2,564,687</b>

## Note 2 Group Property Plant and Equipment (continued)

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value</b>							
At 1 April 2020	1,608,305	676,020	40,530	402,133	25,102	162,913	2,915,003
Additions	67,174	25,978	1,372	60,503	2,283	89,444	246,754
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(48,486)	17,545	-	-	-	-	(30,941)
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(15,528)	(15,943)	-	-	-	-	(31,471)
Derecognition - Disposals	(4,185)	(14,054)	-	-	-	(7,902)	(26,141)
Derecognition - Other	(78)	-	-	(1,718)	-	-	(1,796)
Assets reclassified	-	-	-	-	-	(11,351)	(11,351)
Other Movement in Cost or Valuation	12,471	5,037	652	183	307	(18,869)	(219)
<b>At 31 March 2021</b>	<b>1,619,673</b>	<b>694,583</b>	<b>42,554</b>	<b>461,101</b>	<b>27,692</b>	<b>214,235</b>	<b>3,059,838</b>

## Note 2 Group Property Plant and Equipment (continued)

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated depreciation and impairment</b>							
At 1 April 2020	-	(2)	(30,888)	(136,894)	-	(716)	(168,500)
Depreciation Charge	(18,636)	(25,904)	(3,727)	(30,202)	-	-	(78,469)
Depreciation written out to the Revaluation Reserve	18,487	16,078	-	-	-	-	34,565
Accumulated Impairment written out to the Revaluation Reserve	-	-	-	-	-	-	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	2,852	-	-	-	-	2,852
Derecognition - disposals	88	1,565	-	-	-	716	2,369
Derecognition - other	61	-	-	1,718	-	-	1,779
Other Movements in Depreciation and Impairments	-	363	-	-	-	-	363
<b>At 31 March 2021</b>	<b>-</b>	<b>(5,048)</b>	<b>(34,615)</b>	<b>(165,378)</b>	<b>-</b>	<b>-</b>	<b>(205,041)</b>
<b>Net book value:</b>							
<b>At 31 March 2021</b>	<b>1,619,673</b>	<b>689,535</b>	<b>7,939</b>	<b>295,723</b>	<b>27,692</b>	<b>214,235</b>	<b>2,854,797</b>
<b>At 31 March 2020 Restated*</b>	<b>1,608,305</b>	<b>676,018</b>	<b>9,642</b>	<b>265,239</b>	<b>25,102</b>	<b>162,197</b>	<b>2,746,503</b>

# Note 3 Group Prior Period Adjustment

A review of the Council's accounts identified the following issue requiring restatement of the 2019/20 figures.

In 2019/20 the Council had taken the view that the Luton Street Development LLP was a subsidiary based on profit share arrangements which entitle the Council to 60% of net returns. The LLP was consolidated on this basis using 2019/20 management accounts. In 2020/21 WCC has re-visited this appraisal and concludes that the requirement for unanimous consent in decision-making takes precedence over financial considerations, the LLP has therefore been accounted for as a joint venture.

As the adjustment occurs during 2019/20, the balances at 1 April 2019 are not affected and as such no restatement is required..

## EFFECT ON COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2019/20

	2019/20 as previously stated	Restatement Removal - Luton Street Development LLP	2019/20 Restated
	£'000	£'000	£'000
Growth, Planning & Housing	69,109	(468)	68,641
<b>Cost of services</b>	<b>273,501</b>	<b>(468)</b>	<b>273,033</b>
<b>(Surplus)/Deficit on provision of services</b>	<b>(72,568)</b>	<b>(468)</b>	<b>(73,036)</b>
Share of (surplus)/Deficit on Joint Venture	-	213	213
<b>Group (Surplus)/Deficit</b>	<b>(72,551)</b>	<b>(255)</b>	<b>(72,806)</b>
<b>Comprehensive Income and Expenditure (Surplus)/Deficit</b>	<b>(235,211)</b>	<b>(255)</b>	<b>(235,466)</b>

## EFFECT ON MOVEMENT IN RESERVES STATEMENT – AUTHORITY'S SHARE OF SUBSIDIARIES

	2019/20 as previously stated	Restatement Removal - Luton Street Development LLP	2019/20 Restated
	£'000	£'000	£'000
(Surplus)/Deficit on provision of services	1,686	(255)	1,431
<b>Total Comprehensive Income and Expenditure</b>	<b>1,686</b>	<b>(255)</b>	<b>1,431</b>
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(15,467)</b>	<b>(255)</b>	<b>(15,722)</b>
<b>(Increase)/Decrease in Year</b>	<b>(15,467)</b>	<b>(255)</b>	<b>(15,722)</b>
<b>Balance at 31 March 2020</b>	<b>(113,156)</b>	<b>(255)</b>	<b>(113,411)</b>

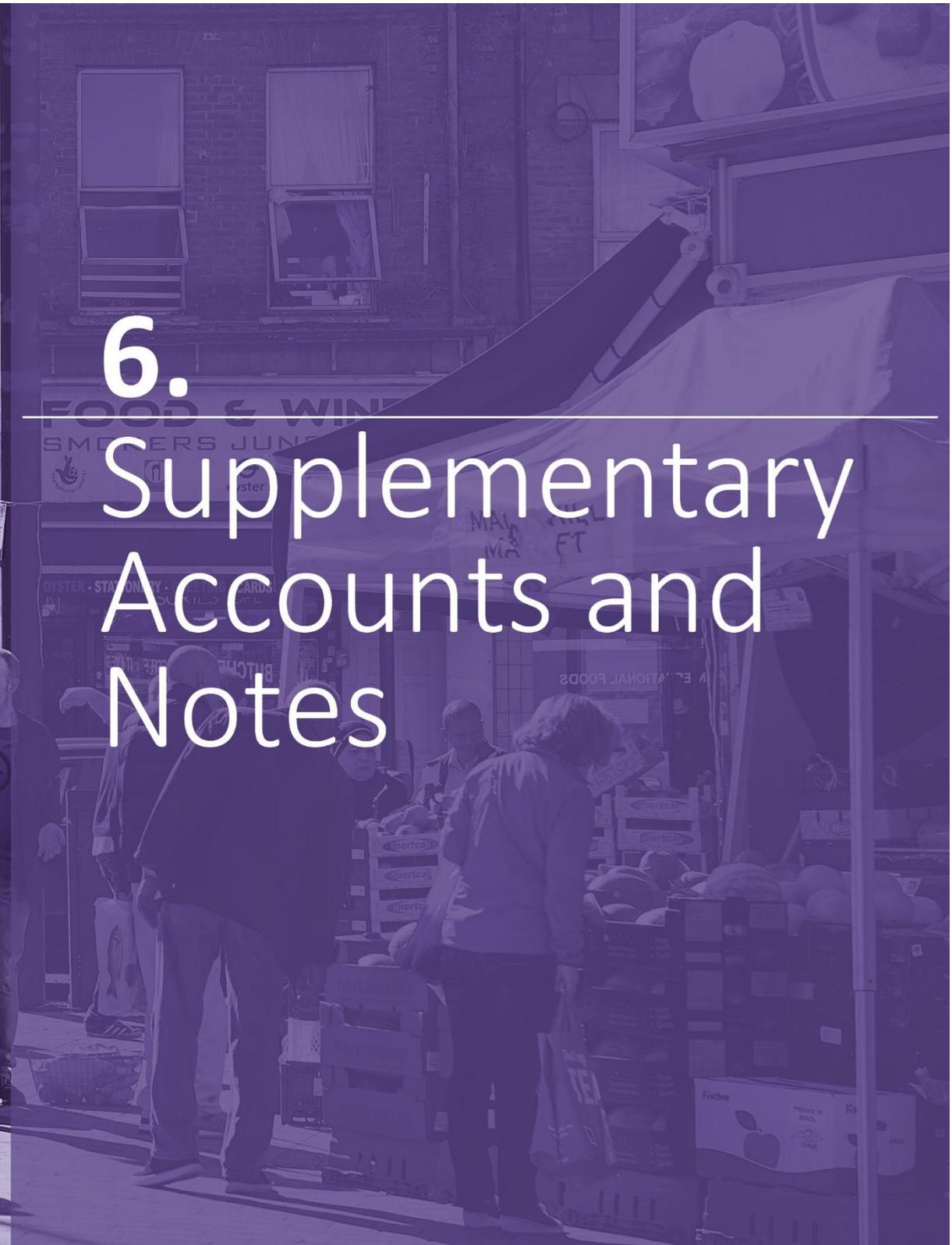
### Note 3 Group Prior Period Adjustment (continued)

#### EFFECT ON MOVEMENT IN RESERVES – TOTAL GROUP RESERVES

	2019/20 as previously stated	Restatement Removal - Luton Street Development LLP	2019/20 Restated
	£'000	£'000	£'000
(Surplus)/Deficit on provision of services	(55,399)	(255)	(55,654)
<b>Total Comprehensive Income and Expenditure</b>	<b>(218,058)</b>	<b>(255)</b>	<b>(218,313)</b>
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>(235,211)</b>	<b>(255)</b>	<b>(235,466)</b>
<b>(Increase)/Decrease in Year</b>	<b>(235,211)</b>	<b>(255)</b>	<b>(235,466)</b>
<b>Balance at 31 March 2020</b>	<b>(2,729,808)</b>	<b>(255)</b>	<b>(2,730,063)</b>

#### EFFECT ON BALANCE SHEET AT 31 MARCH 2020

	2019/20 as previously stated	Restatement Removal - Luton Street Development LLP	2019/20 Restated
	£'000	£'000	£'000
Long -term debtors	54,450	10,302	64,752
<b>Total Long Term Assets</b>	<b>3,431,864</b>	<b>10,302</b>	<b>3,442,166</b>
Short-term investments	543,945	2	543,947
Inventories	22,197	(21,936)	261
Short-term debtors	97,559	(57)	97,502
Cash and other cash equivalents	45,119	(1,358)	43,761
<b>Current Assets</b>	<b>708,820</b>	<b>(23,349)</b>	<b>685,471</b>
Short-term creditors	(354,306)	3,038	(351,268)
<b>Current Liabilities</b>	<b>(395,047)</b>	<b>3,038</b>	<b>(392,009)</b>
Long-term creditors	(227)	175	(52)
Long-term borrowing	(216,446)	10,302	(206,144)
<b>Long-term liabilities</b>	<b>(1,015,829)</b>	<b>10,477</b>	<b>(1,005,352)</b>
Share of subsidiary & joint venture net assets	0	(213)	(213)
<b>Net assets</b>	<b>2,729,808</b>	<b>255</b>	<b>2,730,063</b>
Share of Subsidiary & Joint Venture Reserves	(113,156)	(255)	(113,411)
<b>Total Reserves</b>	<b>(2,729,808)</b>	<b>(255)</b>	<b>(2,730,063)</b>



# 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 financing, managing and maintaining the Council's housing stock. The total cost is met by income from rents, charges and other income such as commercial rents. The Council bought Housing Services in house from 2019/20, which was previously outsourced to the Council's Arm's Length Management Organisations (ALMO), City West Homes. There was no management fee for 2020/21 and CWH staff were transferred over to the Council as part of TUPE arrangements. The increase or decrease in HRA Balances, on the basis upon which income and expenditure are managed, is shown in the Movement on the Housing Revenue Account Statement.

## HRA Income and Expenditure Statement

2019/20		2020/21
£'000		£'000
<b>Expenditure</b>		
24,459	Repairs and Maintenance	18,953
50,583	Supervision and Management	52,171
1,568	Rents, Rates, Taxes and Other Charges	1,402
(1,302)	Increase/(decrease) in Impairment Allowance for Doubtful Debts	1,179
26,354	Depreciation, Impairment and Revaluation losses in relation to non-current assets	40,718
98	Debt Management Cost	-
<b>101,760</b>	<b>Total HRA Expenditure</b>	<b>114,422</b>
<b>HRA Income</b>		
(72,810)	Dwellings Rents	(74,076)
(1,794)	Non-dwellings Rents	(1,149)
(7,488)	Charges for Services and Facilities	(20,316)
(19,264)	Contributions towards Expenditure	(11,266)
(101,356)	<b>Total HRA Income</b>	<b>(106,806)</b>
<b>404</b>	<b>Net Cost of HRA services as included in the whole-authority Income and Expenditure Statement</b>	<b>(7,616)</b>

## Housing Revenue Account (HRA) Statements (continued)

### HRA Income and Expenditure Statement (continued)

2019/20		2020/21
£'000		£'000
163	HRA services share of Corporate and Democratic Core	101
<b>567</b>	<b>Net Cost of HRA services including HRA share of costs not allocated to specific services</b>	<b>(7,716)</b>
(8,971)	(Gain) or loss on sale of HRA non-current assets	(38,473)
(5,803)	Capital grants and contributions	(7,738)
(770)	Movements in the fair value of investment properties	12,626
10,000	Interest payable and similar charges	9,382
(7,494)	HRA Investment Property income	(6,579)
(68)	HRA Investment Income	(221)
<b>(12,539)</b>	<b>(Surplus) or deficit for the year on HRA services</b>	<b>(23,286)</b>

### Movement on the Housing Revenue Account Statement

2019/20		2020/21
£'000		£'000
(17,234)	<b>Balance on the HRA at the end of the previous reporting period</b>	(17,365)
(12,539)	(Surplus) or deficit for the year on the HRA Services	(23,286)
<b>Adjustments between the accounting basis and funding basis:</b>		
23,331	Transfer to Major Repairs Reserve	24,608
8,962	(Gain) or loss on sale of HRA non-current assets	31,610
770	Movements in the fair value of investment properties	(12,626)
59	Financial Instrument Adjustment	49
(20,714)	Transfer (to) the Capital Adjustment Account (CAA)	(28,555)
	- Contributions to Deferred Capital Receipts Reserve (DCRR)	6,868
	- Transfers to Accumulated Absences Account	(101)
	- Transfers to Capital Receipts Reserve (CRR)	1,224
<b>(131)</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(209)</b>
	- Transfers to or (from) the General Fund	(1,808)
<b>(131)</b>	<b>(Increase) or decrease in year on the HRA</b>	<b>(2,017)</b>
(17,365)	Balance on the HRA at the end of the current reporting period	(19,382)
<b>(17,365)</b>	<b>Total HRA Reserves</b>	<b>(19,382)</b>

# Housing Revenue Account (HRA) Explanatory Notes

## HRA 1 Housing Stock

31 March 2020		31 March 2021
£'000		£'000
748	Rented Houses	750
11,009	Rented Flats	11,074
80	Shared Ownership	65
8,949	Leasehold Properties	8,947
<b>20,786</b>	<b>Total Stock</b>	<b>20,836</b>

# HRA 2 Housing Asset Valuation

a) The vacant possession value of HRA tenanted dwellings is £6.180bn.

b) The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA adjusts for 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 2020		31 March 2021
£'000		£'000
2,966	Rent Arrears	3,199
(1,448)	Bad Debt Provision	(1,678)
<b>1,517</b>	<b>Total</b>	<b>1,521</b>

# 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.

The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency 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.

2019/20					2020/21			
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
<b>INCOME</b>								
-	-	(104,703)	<b>(104,703)</b>	Council Tax	-	-	(107,939)	<b>(107,939)</b>
(2,224,437)	-	-	<b>(2,224,437)</b>	Non-domestic rates	(1,316,755)	-	-	<b>(1,316,755)</b>
5,119	-	-	<b>5,119</b>	Transitional protection payments - non-domestic rates	8,593	-	-	<b>8,593</b>
-	(78,908)	-	<b>(78,908)</b>	Income collectable in respect of Business Rate Supplements	-	(44,818)	-	<b>(44,818)</b>
<b>(2,219,318)</b>	<b>(78,908)</b>	<b>(104,703)</b>	<b>(2,402,929)</b>	<b>Total amounts to be credited</b>	<b>(1,308,163)</b>	<b>(44,818)</b>	<b>(107,939)</b>	<b>(1,460,919)</b>

## Collection Fund Accounts (continued)

2019/20				2020/21				
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
<b>EXPENDITURE</b>								
-	-	-	-	Transitional protection payments - non-domestic rates	-	-	-	-
<b>Precepts, demands and shares</b>								
555,939	-	-	<b>555,939</b>	Central Government	768,652	-	-	<b>768,652</b>
1,067,403	-	56,683	<b>1,124,086</b>	City of Westminster Council	698,774	-	59,704	<b>758,478</b>
600,414	-	41,769	<b>642,183</b>	Greater London Assembly	861,822	-	44,065	<b>905,887</b>
<b>Business Rate Supplement:</b>								
-	77,976	-	<b>77,976</b>	Payment to levying authority's Business Rate Supplement Revenue Account	-	44,156	-	<b>44,156</b>
-	102	-	<b>102</b>	Administrative Costs	-	103	-	<b>103</b>
<b>Charges to Collection Fund</b>								
22,745	830	-	<b>23,575</b>	Write-offs of uncollectable amounts	15,311	558	557	<b>16,427</b>
200	-	3,920	<b>4,120</b>	Increase/(decrease) in allowance for impairment	58,300	-	4,900	<b>63,200</b>
(72,500)	-	-	<b>(72,500)</b>	Increase/(decrease) in allowance for appeals	214,815	-	-	<b>214,815</b>
3,324	-	-	<b>3,324</b>	Charge to General Fund for allowable collection costs for non-domestic rates	3,314	-	-	<b>3,314</b>

## Collection Fund Accounts (continued)

2019/20					2020/21			
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
<b>Apportionment of previous year's estimated Collection Fund surplus:</b>								
(11,442)	-	-	(11,442)	Central Government	23,869	-	-	23,869
13,962	-	846	14,808	City of Westminster Council	48,685	-	1,043	49,728
875	-	598	1,473	Greater London Assembly	27,386	-	768	28,154
<b>2,180,920</b>	<b>78,908</b>	<b>103,816</b>	<b>2,363,644</b>	<b>Total amounts to be debited</b>	<b>2,720,928</b>	<b>44,818</b>	<b>111,038</b>	<b>2,876,784</b>
<b>Movements on the Collection Fund</b>								
(38,398)	-	(887)	(39,285)	(Surplus) /deficit arising during the year	1,412,766	-	3,099	1,415,865
(7,858)	-	(1,594)	(9,452)	(Surplus)/deficit brought forward at 1 April	(46,256)	-	(2,481)	(48,737)
<b>(46,256)</b>	<b>-</b>	<b>(2,481)</b>	<b>(48,737)</b>	<b>(Surplus)/deficit carried forward at 31 March</b>	<b>1,366,510</b>	<b>-</b>	<b>618</b>	<b>1,367,128</b>

# 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:

2019/20			2020/21	
Council Tax	Business Rates		Council Tax	Business Rates
-	25%	Department of Communities & Local Government	-	33%
42.5%	27%	Greater London Authority	42.6%	37%
57.5%	48%	Westminster City Council (General Fund)	57.4%	30%
100.0%	100.0%		<b>100.0%</b>	<b>100.0%</b>

# 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 2020, and is summarised in the table to the right:

Band	Range of property values (£)		2019/20	Multiplier	2020/21	
			Number of chargeable dwellings		Number of chargeable dwellings	Band D equivalent dwellings
	£	£				
A		40,000	1,722	6/9	1,704	934
B	40,001	52,000	6,676	7/9	6,627	4,063
C	52,001	68,000	15,962	8/9	15,968	12,025
D	68,001	88,000	22,834	9/9	22,866	19,718
E	88,001	120,000	23,159	11/9	23,389	24,798
F	120,001	160,000	17,806	13/9	18,105	22,889
G	160,001	320,000	23,180	15/9	23,376	34,764
H	320,001		15,867	18/9	16,005	30,173
			<b>127,206</b>		<b>128,040</b>	<b>149,364</b>
Adjustment for Council Tax Reduction Scheme						(13,028)
<b>Total</b>						<b>136,336</b>
<b>Westminster Council Share (97%)</b>						<b>132,246</b>
Ministry of Defence Adjustment						453
<b>Final Council Tax Base</b>						<b>132,669</b>

# 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:

<b>Standard Multiplier</b>	51.2p / £ Rateable Value (50.4p in 2019/20)
<b>Small Business Multiplier</b>	49.9p / £ Rateable Value (49.1p in 2019/20)

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 2021 was £5.020bn (£5.078bn 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 (£699m) in 2020/21 is subsequently top-sliced and returned to Business Rates Pool for redistribution across local government. The main advantage of being part of the pool is not paying levy on growth which would normally be paid to MHCLG but is now redistributed within London boroughs.

2019/20		2020/21
£'000		£'000
555,939	Central Government	768,652
1,067,403	Westminster City Council	698,774
600,414	Greater London Assembly	861,882
<b>2,223,756</b>	<b>Total</b>	<b>2,329,308</b>

# 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 2021 was £4.478bn (the equivalent figure at 31st March 2020 being £4.546bn). The multiplier has remained at 2.0p / £ since the BRS was introduced.



7.

# Pension Fund Accounts

# Pension Fund Accounts

## FUND ACCOUNT

2019/20		Notes	2020/21
£'000			£'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
<b>Contributions</b>			
(54,244)	From Employers	Note 6	(46,660)
(10,105)	From Members	Note 6	(10,854)
(8,267)	Individual Transfers in from Other Pension Funds		(3,678)
<b>(72,616)</b>			<b>(61,192)</b>
<b>Benefits</b>			
47,628	Pensions	Note 7	49,146
7,092	Commutation, Lump Sum Retirement and Death Benefits	Note 7	8,677
1,190	Payments in respect of tax		521
<b>Payments to and on Account of Leavers</b>			
7,480	Individual Transfers Out to Other Pension Funds		5,602
306	Refunds to Members Leaving Service		130
<b>63,696</b>			<b>64,076</b>

## Fund Account (continued)

2019/20		Notes	2020/21
<b>£'000</b>			<b>£'000</b>
(8,920)	Net (Additions)/Withdrawals from Dealings with Members		2,884
6,834	Management Expenses	Note 8	10,087
(2,086)	Net (additions)/withdrawals including management expenses		12,971
	<b>Returns on Investments</b>		
(16,259)	Investment Income	Note 9	(8,656)
(1,716)	Other Income	-	(9)
(17,975)			(8,665)
114,859	(Profit) and loss on disposal of investments and changes in the market value of investments	Note 11	(432,487)
96,884	Net return on investments		(441,152)
94,798	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(428,181)
(1,418,332)	Opening Net Assets of the Scheme		(1,323,534)
(1,323,534)	Closing Net Assets of the Scheme		(1,751,715)

## Fund Account (continued)

### NET ASSETS STATEMENT FOR THE YEAR ENDED 31 MARCH 2021\*

2019/20		Notes	2020/21
£'000			£'000
<b>Investment assets</b>			
150	Equities	11	150
1,300,427	Pooled Investment Vehicles	11	1,684,306
<b>Other Investment Balances:</b>			
119	Income Due	11	109
19,044	Cash Deposits	11	62,788
<b>1,319,740</b>			<b>1,747,353</b>
<b>Investment Liabilities</b>			
-			-
<b>1,319,740</b>	<b>Net Value of Investment Assets</b>	<b>10</b>	<b>1,747,353</b>
<b>4,640</b>	<b>Current Assets</b>	<b>18</b>	<b>5,198</b>
<b>(846)</b>	<b>Current Liabilities</b>	<b>19</b>	<b>(836)</b>
<b>1,323,534</b>	<b>Net Assets of the Fund Available to Fund Benefits at the Period End</b>		<b>1,751,715</b>

\* 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 2021. Employers also pay contributions into the Fund based on triennial funding valuations. The last such valuation was as at 31 March 2019, this covers the three financial years following 2019/20. 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 are 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 City of Westminster 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 2020		31 March 2021
<b>30</b>	Number of employers with active member	<b>32</b>
3,981	Active member	4,228
6,122	Pensioners receiving benefit	6,280
6,700	Deferred Pensioner	6,856
<b>16,803</b>		<b>17,364</b>

## Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2020/21 and its position at year end as at 31st March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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 City of Westminster 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 accrual's 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 accrual's 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 accrual's 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 2020/21.

# 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.

## COVID-19 IMPACT

Following the uncertainty surrounding asset values as result of the COVID-19 outbreak during late 2019/20, Officers now believe asset values have stabilised in order that a materially accurate value can be applied to illiquid assets.

## 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

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% increase in the discount rate assumption would result in a decrease in the pension liability of £42.25m. A 0.1% increase in assumed earnings would increase the value of liabilities by approximately £2.95m and a year increase in life expectancy would increase the liability by about £103.99m.

# 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

2019/20		2020/21
£'000		£'000
(56,968)	Administering Authority	(49,833)
(3,087)	Scheduled bodies	(3,679)
(4,294)	Admitted bodies	(4,002)
<b>(64,349)</b>	<b>Total</b>	<b>(57,514)</b>

## BY TYPE

2019/20		2020/21
£'000		£'000
(10,105)	Employees' normal contributions	(10,854)
	Employers' contributions:	
(21,634)	Normal contributions	(25,048)
(31,820)	Deficit recovery contributions	(21,483)
(790)	Augmentation contributions	(129)
<b>(64,349)</b>	<b>Total</b>	<b>(57,514)</b>

# Note 7 Benefits Payable

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

## BY TYPE

2019/20		2020/21	
£'000		£'000	
47,628	Pensions	49,146	
6,686	Commutation and lump sum retirement benefits	7,375	
406	Lump sum death benefits	1,302	
<b>54,720</b>	<b>Total</b>	<b>57,823</b>	

## BY AUTHORITY

2019/20		2020/21	
£'000		£'000	
42,709	Administering Authority	44,272	
2,481	Scheduled Bodies	2,730	
9,530	Admitted Bodies	10,821	
<b>54,720</b>	<b>Total</b>	<b>57,823</b>	

# Note 8 Management Expenses

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

2019/20		2020/21
£'000		£'000
750	Administration Expenses	981
422	Oversight and Governance	428
5,662	Investment Management Expenses	8,678
<b>6,834</b>	<b>Total</b>	<b>10,087</b>

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

2019/20		2020/21
£'000		£'000
4,778	Management fees	6,211
85	Performance fees	45
31	Custody fees	54
768	Transaction costs	2,368
<b>5,662</b>	<b>Total</b>	<b>8,678</b>

# Note 9 Investment Income

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

2019/20		2020/21
£'000		£'000
13,856	Pooled investments - unit trust and other managed funds	5,658
2,070	Pooled property investments	2,406
182	Infrastructure Income	404
151	Interest and cash deposits	188
<b>16,259</b>	<b>Total before taxes</b>	<b>8,656</b>

# Note 10 Investment Management Arrangements

As at 31 March 2021, the investment portfolio is managed by ten external managers:

- The UK property portfolio is managed by Aberdeen Standard;
- Fixed income mandates are managed by CQS (Multi Asset Credit, via the London CIV) and Insight (Bonds);
- 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), Legal and General Investment Management (passive global) and Longview Partners (active 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. They are 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 2021 was as follows:

31 March 2020 Market Value	%	Fund Manager	Mandate	31 March 2021 Market Value	%
£'000				£'000	
<b>Investments merged by the London CIV asset pool:</b>					
3	0.0%	London LGPS CIV Ltd - Majedie	UK Equity (Active)	3	0%
150	0.0%	London CIV	Share Capital	150	0%
<b>153</b>	<b>0.0%</b>	<b>UK Equity</b>		<b>153</b>	<b>0%</b>
276,397	20.9%	London LGPS CIV Ltd - Baillie Gifford	Global Equity (Active)	429,778	24.6%
0	0.0%	London LGPS CIV Ltd - Morgan Stanley	Global Equity (Active)	337,309	19.3%
523,071	39.6%	LGIM Passive	World Equity (Passive)	40	0.0%
0	0.0%	LGIM Future World	World Equity (Passive)	398,414	22.8%
<b>799,468</b>	<b>60.5%</b>	<b>Global Equity</b>		<b>1,165,541</b>	<b>66.7%</b>
78,765	6.0%	London LGPS CIV Ltd - CQS	Multi Asset Credit	98,641	5.6%
<b>78,765</b>	<b>6.0%</b>	<b>Fixed Income</b>		<b>98,641</b>	<b>5.6%</b>
<b>878,386</b>	<b>66.5%</b>	<b>Total pooled</b>	<b>Sub-Total</b>	<b>1,264,335</b>	<b>72.3%</b>
<b>Investments managed outside of the London CIV asset pool:</b>					
55,353	4.2%	Longview	Global Equity (Active)	69,172	4.0%
<b>55,353</b>	<b>4.2%</b>	<b>Global Equity</b>		<b>69,172</b>	<b>4.0%</b>
216,088	16.4%	Insight Buy and Maintain Bond Fund	Bonds	240,140	13.7%
<b>216,088</b>	<b>16.4%</b>	<b>Bonds</b>		<b>240,140</b>	<b>13.7%</b>
61,478	4.7%	Hermes	Property	89	0.0%
68,592	5.2%	Standard Life	Property	71,261	4.1%
<b>130,070</b>	<b>9.9%</b>	<b>Property</b>		<b>71,350</b>	<b>4.1%</b>

## Note 10 Investment Management Arrangements (continued)

31 March 2020 Market Value	%	Fund Manager	Mandate	31 March 2021 Market Value	%
<b>£'000</b>				<b>£'000</b>	
20,639	1.6%	Pantheon Global Infrastructure	Infrastructure	29,728	1.7%
-	0.0%	Macquarie GIG Renewable Energy	Infrastructure	6,004	0.3%
-	0.0%	Quinbrook Renewables Impact Fund	Infrastructure	7,333	0.4%
<b>20,639</b>	<b>1.6%</b>	<b>Alternatives</b>		<b>43,065</b>	<b>2.4%</b>
<b>422,150</b>	<b>32.0%</b>	<b>Total outside pool</b>	<b>Sub-total</b>	<b>423,727</b>	<b>24.2%</b>
19,204	1.4%	Cash deposits		59,291	3.5%
<b>1,319,740</b>	<b>100%</b>	<b>Total investments at 31 March</b>		<b>1,747,353</b>	<b>100%</b>

# Note 11 Reconciliation in Movement in Investments

2019/20	Market value 1 April 2019	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Bonds	-	-	-	-	-
Equities	150	-	-	-	150
Pooled investments	1,260,862	20,035	(10,404)	(120,669)	1,149,824
Pooled property investments	127,023	84	(665)	3,537	129,979
Infrastructure	14,403	9,243	(5,673)	2,650	20,623
<b>Total</b>	<b>1,402,438</b>	<b>29,362</b>	<b>(16,742)</b>	<b>(114,482)</b>	<b>1,300,576</b>
Cash deposits	5,802			(367)	19,045
Amounts receivable for sales of investments	-			-	-
Investment income due	120			-	119
Spot FX contracts	-			(10)	-
Amounts payable for purchases of investments	-			-	-
<b>Net investment assets</b>	<b>1,408,360</b>			<b>(114,859)</b>	<b>1,319,740</b>

## Note 11 Reconciliation in Movement in Investments continued

2020/21	Market value 1 April 2020	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,149,824	9,728	(20,556)	431,013	1,570,009
Pooled property investments	129,979	64	(59,905)	1,123	71,261
Infrastructure	20,623	29,346	(7,414)	481	43,036
<b>Total</b>	<b>1,300,576</b>	<b>39,138</b>	<b>(87,875)</b>	<b>432,617</b>	<b>1,684,456</b>
Cash deposits	19,045			(100)	62,788
Amounts receivable for sales of investments	-			-	-
Investment income due	119			-	109
Spot FX contracts	-			(30)	-
Amounts payable for purchases of investments	-			-	-
<b>Net investment assets</b>	<b>1,319,740</b>			<b>432,487</b>	<b>1,747,353</b>

## 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 2020			31 March 2021	
Market Value	Holding		Market Value	Holding
£'000	%		£'000	%
523,071	39.6%	LGIM Global Passive	-	0.0%
-	-	LGIM Future World	398,414	22.8%
-	-	London LGPS CIV Ltd - Morgan Stanley	337,309	19.3%
276,397	20.9%	London LGPS CIV Ltd - Baillie Gifford	429,622	24.6%
55,353	4.2%	Longview	-	0.0%
216,088	16.4%	Insight Buy and Maintain Bond Fund	240,140	13.7%
78,765	6.0%	London LGPS CIV Ltd - CQS	95,312	5.5%
68,592	5.2%	Aberdeen Standard	-	0.0%
<b>1,218,266</b>	<b>92.3%</b>	<b>Total Top Holdings</b>	<b>1,500,797</b>	<b>85.9%</b>
<b>1,319,740</b>		<b>Total Value of Investments</b>	<b>1,747,353</b>	

# 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 19/20	Valuation hierarchy 20/21	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.	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 - 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

## 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 2021.

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2021	Value on increase	Value on decrease
		£000	£000	£000
Pantheon – Infrastructure (a)	10.0%	29,698	32,668	26,728
Quinbrook - Renewable Infrastructure (b)	9.1%	7,333	8,001	6,666
Macquarie - Renewable Infrastructure (c)	10.0%	6,004	6,605	5,404
<b>Total</b>		<b>43,035</b>	<b>47,274</b>	<b>38,798</b>

- 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 +/- 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.
- 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.

As at March 2020:

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2020	Value on increase	Value on decrease
		£'000	£'000	£'000
Hermes - Property funds	1.3%	61,388	62,186	60,590
Pantheon – Infrastructure*	12.2%	20,623	23,139	18,107
<b>Total</b>		<b>82,011</b>	<b>85,325</b>	<b>78,697</b>

\*Pantheon confirmed due to the valuation assumptions used and material uncertainty during the ongoing Covid-19 pandemic, the true market value could be as much as 12.2% greater or lesser than reflected in the statement of accounts

# 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 2020			31 March 2021		
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
<b>Financial Assets</b>					
-	1,218,415	82,161	-	1,641,271	43,185
<b>Financial Liabilities</b>					
-	-	-	-	-	-
-	1,218,415	82,161	-	1,641,271	43,185
<b>1,300,576</b>			<b>Total</b>		
			<b>1,684,456</b>		

# Note 13c Reconciliation of Fair Value Measurements Within Level 3

2019/20	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
Equity	150	-	-	-	-	-	-	150
Hermes - Property fund	62,315	-	-	-	-	-	(927)	61,388
Pantheon - Infrastructure	14,403	-	-	9,243	(5,673)	-	2,650	20,623
<b>Total</b>	<b>76,868</b>	<b>-</b>	<b>-</b>	<b>9,243</b>	<b>(5,673)</b>	<b>-</b>	<b>1,723</b>	<b>82,161</b>

2020/21	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
Equity	150	-	-	-	-	-	-	150
Hermes - Property fund	61,388	-	-	-	(58,904)	-	(2,484)	-
Pantheon - Infrastructure	20,623	-	-	11,760	(2,185)	(735)	235	29,698
Quinbrook - Renewable Infrastructure	-	-	-	11,157	(3,500)	(324)	-	7,333
Macquarie - Renewable Infrastructure	-	-	-	6,428	-	(424)	-	6,004
<b>Total</b>	<b>82,161</b>	<b>-</b>	<b>-</b>	<b>29,345</b>	<b>(64,589)</b>	<b>(1,483)</b>	<b>(2,249)</b>	<b>43,185</b>

# Note 14a Classification of Financial Instruments

The following table shows the classification of the Fund's financial instruments.

31 March 2020			31 March 2021		
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
<b>Financial Assets</b>					
<b>Pooled funds - investment vehicles</b>					
1,149,974			Pooled Funds	1,570,159	
129,980			UK Unit Trust - Property	71,261	
20,623			Infrastructure	43,036	
	807		<b>Cash Balances (held directly by Fund)</b>	1,224	
	119		<b>Other Investment Balances</b>	109	
	19,044		<b>Cash Deposits</b>	62,778	
	3,833		<b>Debtors</b>	3,974	
<b>1,300,577</b>	<b>23,803</b>	-		<b>68,095</b>	-
				<b>1,684,456</b>	

## Note 14a Classification of Financial Instruments (continued)

		31 March 2020		31 March 2021			
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	
<b>Financial Liabilities</b>							
-	-	-	Other Investment Balances	-	-	-	
-	-	(209)	Creditors	-	-	(223)	
-	-	(209)		-	-	(223)	
1,300,577	23,803	(209)	<b>Total</b>	1,684,456	68,095	(223)	
<b>1,324,171</b>						<b>1,752,328</b>	

# 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 2020		31 March 2021
£'000		£'000
<b>Financial Assets</b>		
(114,482)	Designated at fair value through profit and loss	432,617
(367)	Financial assets at amortised cost	(100)
(114,849)		432,517
<b>Financial Liabilities</b>		
(10)	Financial liabilities at amortised cost	(30)
(10)		(30)
<b>(114,859)</b>	<b>Total</b>	<b>432,487</b>

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 10.9% increase or decrease in market price risk is reasonable for 2020/21. 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 £bn	Value on price increase	Value on price decrease
		£'000	£'000	£'000
As at 31 March 2020	10%	1,319,740	1,451,714	1,187,766
<b>As at 31 March 2021</b>	<b>10.9%</b>	<b>1,747,353</b>	<b>1,937,814</b>	<b>1,556,891</b>

## 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	Average Duration	Value	Value on 1% increase	Value on 1% decrease
	Years	£'000	£'000	£'000
Fixed Income - Global Bonds	8.15	216,088	198,477	233,699
Fixed Income - Global Multi Asset Credit	1.86	78,765	77,300	80,230
<b>As at 31 March 2020</b>		<b>294,853</b>	<b>275,776</b>	<b>313,930</b>

Assets exposed to interest rate risk	Average Duration	Value	Value on 1% increase	Value on 1% decrease
	Years	£'000	£'000	£'000
Fixed Income - Global Bonds	8.27	240,140	220,281	260,000
Fixed Income - Global Multi Asset Credit	1.33	98,641	97,329	99,953
<b>As at 31 March 2021</b>		<b>338,781</b>	<b>317,610</b>	<b>359,953</b>

### 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 6.44% strengthening/weakening of the pound against foreign currencies during 2020/21. This has fallen from a 10.0% currency risk as at 31 March 2020, reflecting a reduction in volatility following the UK's orderly exit from the EU.

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 2020 10.0%	316,823	348,505	285,140
<b>As at 31 March 2021 6.44%</b>	<b>754,503</b>	<b>803,093</b>	<b>705,913</b>

### b) 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.

### c) 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 2021, liquid assets were £1,633m representing 93% of total fund assets (£1,169m at 31 March 2020 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 City of Westminster 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 Barnett Waddingham, the Fund's actuary, as at 31 March 2019 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 30 March 2020, with the funding level rising to 100%. This report details the fund assumptions and employer contribution rates for the three years following 2020/21. The report and Funding Strategy Statement are both available on the Council's website.

The actuary's smoothed market value of the scheme's assets at 31 March 2019 was £1,410.6m and the Actuary assessed the present value of the funded obligation at £1,430.6m. This indicates a net liability of £20m, which equates to a funding position of 99% (2016: £264.1m 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	2019 %	2016 %	2013 %
Discount rate - scheduled bodies	4.8	5.1	5.9
Discount rate - admitted bodies	3.3	4.5	4.9
RPI	3.6	3.3	3.5
CPI	2.6	2.4	2.7
Pension increases	2.6	2.4	2.7
Short-term pay increases	n/a	2.4	1.0
Long-term pay increases	3.6	3.9	4.5

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 2021. The figures have been prepared by Barnett Waddingham, 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 2020		31 March 2021	
£'000		£'000	
(1,860,231)	Present Value of Promised Retirement Benefits	(2,337,834)	
1,319,740	Fair Value of Scheme Assets (bid value)	1,747,353	
<b>(540,491)</b>	<b>Net Liability</b>	<b>(590,481)</b>	

Present Value of Promised Retirement Benefits comprise of £2,310m (2019/20: £1,839m) and £28.3m (2019/20: £21.4m) in respect of vested benefits and non-vested benefits respectively as at 31 March 2021.

## ASSUMPTIONS

To assess the value of the Fund's liabilities at 31 March 2021, the value of the Fund's liabilities calculated for the funding valuation as at 31 March 2019 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 2019. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110%, for males and 105% for females. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a.

Assumed life expectancy from age 65 is:

Life expectancy from age 65 years		31 March 2020	31 March 2021
Retiring today	Males	21.8	21.6
	Females	24.4	24.3
Retiring in 20 years	Males	23.2	22.9
	Females	25.8	25.7

## FINANCIAL ASSUMPTIONS

The main financial assumptions are:

	31 March 2020	31 March 2021
	%	%
RPI increases	2.90	3.20
CPI Increases	1.90	2.80
Salary increases	2.90	3.80
Pension increases	1.90	2.80
Discount rate	2.35	2.00

## Note 18 Current Assets

31 March 2020		31 March 2021	
£'000		£'000	
<b>Debtors:</b>			
2,436	Contributions due - employers	2,608	
776	Contributions due - employees	826	
621	Sundry debtors	540	
807	Cash balances	1,224	
<b>4,640</b>	<b>Total</b>	<b>5,198</b>	

## Note 19 Current Liabilities

31 March 2020		31 March 2021	
£'000		£'000	
(846)	Sundry creditors	(836)	
<b>(846)</b>	<b>Total</b>	<b>(836)</b>	

### ANALYSIS OF DEBTORS

31 March 2020		31 March 2021	
£'000		£'000	
-	Central Government Bodies	1	
784	Other entities and individuals	654	
3,049	Administering Authority	3,319	
<b>3,833</b>	<b>Total</b>	<b>3,974</b>	

### ANALYSIS OF CREDITORS

31 March 2020		31 March 2021	
£'000		£'000	
(637)	Central government bodies	(613)	
(209)	Other entities and individuals	(223)	
<b>(846)</b>	<b>Total</b>	<b>(836)</b>	

# 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 2020		Market Value 31 March 2021	
£'000		£'000	
828	Aegon	934	
214	Utmost Life and Pensions	366	
<b>1,042</b>	<b>Total</b>	<b>1,300</b>	

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 Council incurred costs of £0.545m in the period 2020/21 (2019/20: £0.535m) 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 Director of Finance and Resources, the Tri-Borough Director of Pensions and Treasury Management and the Director of People Services. There were no costs apportioned to the Pension Fund in respect of the Director of Finance and Resources post for 2019/20 and 2020/21. Total remuneration payable to key management personnel from the Pension Fund is set out below:

31 March 2020		31 March 2021	
£'000		£'000	
56	Short-term benefits	63	
253	Post-employment benefits	132	
<b>309</b>	<b>Total</b>	<b>195</b>	

## Note 22 External Audit Costs

The external fee payable to the Fund's external auditors Grant Thornton UK LLP was £25k (£16k in 2019/20).

31 March 2020	31 March 2021
£'000	£'000
16 External audit fees	25
<b>16 Total</b>	<b>25</b>

## 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 (£66.4m) to the Pantheon Global Infrastructure Fund III, of this commitment \$50.5m (£36.7m) was still outstanding at 31 March 2021. Alongside this, during the year the Fund committed £50m to the Quinbrook Renewables Impact Fund with £42.7m outstanding as at 31 March 2021. The Fund has also committed €55m (£46.8m) to the Macquarie Renewable Energy Fund, €47.9m (£40.8m) of which was outstanding at 31 March 2021.



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 (50.4p/£ in 2018/19). Westminster acts as the “billing authority” for its area and under the current Localised Business Rates regime retains 64% of the net

yield from business rates with the Greater London Authority receiving 36%. 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.

## 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.

## 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.

## Glossary of Terms (continued)

### **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.

### **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.

## Glossary of Terms (continued)

### **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)

### **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.

## Glossary of Terms (continued)

### **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.

### **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:

## Glossary of Terms (continued)

- 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)

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# 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](http://westminster.gov.uk).

## **CONTACT FOR FURTHER INFORMATION:**

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